



ANNUAL
REPORT
2003

Contents

Corporate Information.....	02
Corporate Structure.....	03
Directors' Profile	04 – 05
Group Financial Highlights.....	06 – 07
Group Directory	08 – 13
Chairman's Statement	14 – 15
Corporate Governance Statement.....	16 – 19
Other Information.....	20
Audit Committee Report.....	21 – 24
Statement of Internal Control	25 – 26
Directors' Responsibility Statement	27
Financial Statements.....	28 – 71
◦ Directors' Report	28 – 31
◦ Statement by Directors.....	32
◦ Statutory Declaration.....	32
◦ Report of the Auditors	33
◦ Balance Sheets.....	34 – 35
◦ Income Statements	36
◦ Statements of Changes in Equity.....	37
◦ Cash Flow Statements.....	38 – 40
◦ Notes to the Financial Statements.....	41 – 71
Summary of Landed Properties and Buildings	72 – 73
Analysis of Shareholdings	74 – 75
Notice of Annual General Meeting	76 – 77
Statement Accompanying Notice of Annual General Meeting	78 – 80
Proxy Form	



Corporate Information

BOARD OF DIRECTORS

Tay Yew Keng

Independent Non-Executive Chairman

Dato' Subahan Bin Kamal

Independent Non-Executive Director

Mohd Harris Bin Pardi

Independent Non-Executive Director

Tan Chuan Koon @ Thuan Khoon

Independent Non-Executive Director

Yusof Annuar Bin Yaacob

Executive Director

Fong Heng Leong

Executive Director

AUDIT COMMITTEE

Mohd Harris Bin Pardi

Chairman/Independent Non-Executive Director

Dato' Subahan Bin Kamal

Member/Independent Non-Executive Director

Yusof Annuar Bin Yaacob

Member/Executive Director

COMPANY SECRETARY

Tan Bee Keng

MAICSA 0856474

AUDITORS

Shamsir Jasani Grant Thornton

(Member of Grant Thornton International)

Chartered Accountants

Level 11-1, Faber Imperial Court

Jalan Sultan Ismail, 50250 Kuala Lumpur

Telephone No.: 03-2692 4022

Fax No. : 03-2732 5119

Email Address : sjgt@gt.com.my

REGISTERED AND CORPORATE OFFICE AND PRINCIPAL PLACE OF BUSINESS

2B-5, Level 5, Jalan SS6/6, Kelana Jaya

47301 Petaling Jaya, Selangor Darul Ehsan

Telephone No. : 03-7880 7539

Fax No. : 03-7880 7536

Email Address : corporate@ocbb.com.my

SHARE REGISTRAR

Mega Corporate Services Sdn Bhd

Level 11-2, Faber Imperial Court

Jalan Sultan Ismail, 50250 Kuala Lumpur

Telephone No. : 03-2692 4271

Fax No. : 03-2732 5388

Email Address : megacorp@gt.com.my

PRINCIPAL BANKERS

Bumiputra Commerce Bank Berhad

6, Jalan Tun Perak, 50050 Kuala Lumpur

HSBC Bank Malaysia Berhad

No. 2, Leboh Ampang, 52100 Kuala Lumpur

SOLICITORS

Tay, Tee & Nasir

No. 6-1, Jalan Tun Sambanthan 3

Brickfields, 50470 Kuala Lumpur

Telephone No. : 03-2274 0188

Fax No. : 03-2272 5129

Email Address : ttn@po.jaring.my

Sarbjit & Co

No. 33, Level 7, The Boulevard, Mid Valley City

Lingkaran Syed Putra, 59200 Kuala Lumpur

Telephone No. : 03-2283 1178

Fax No. : 03-2282 0178

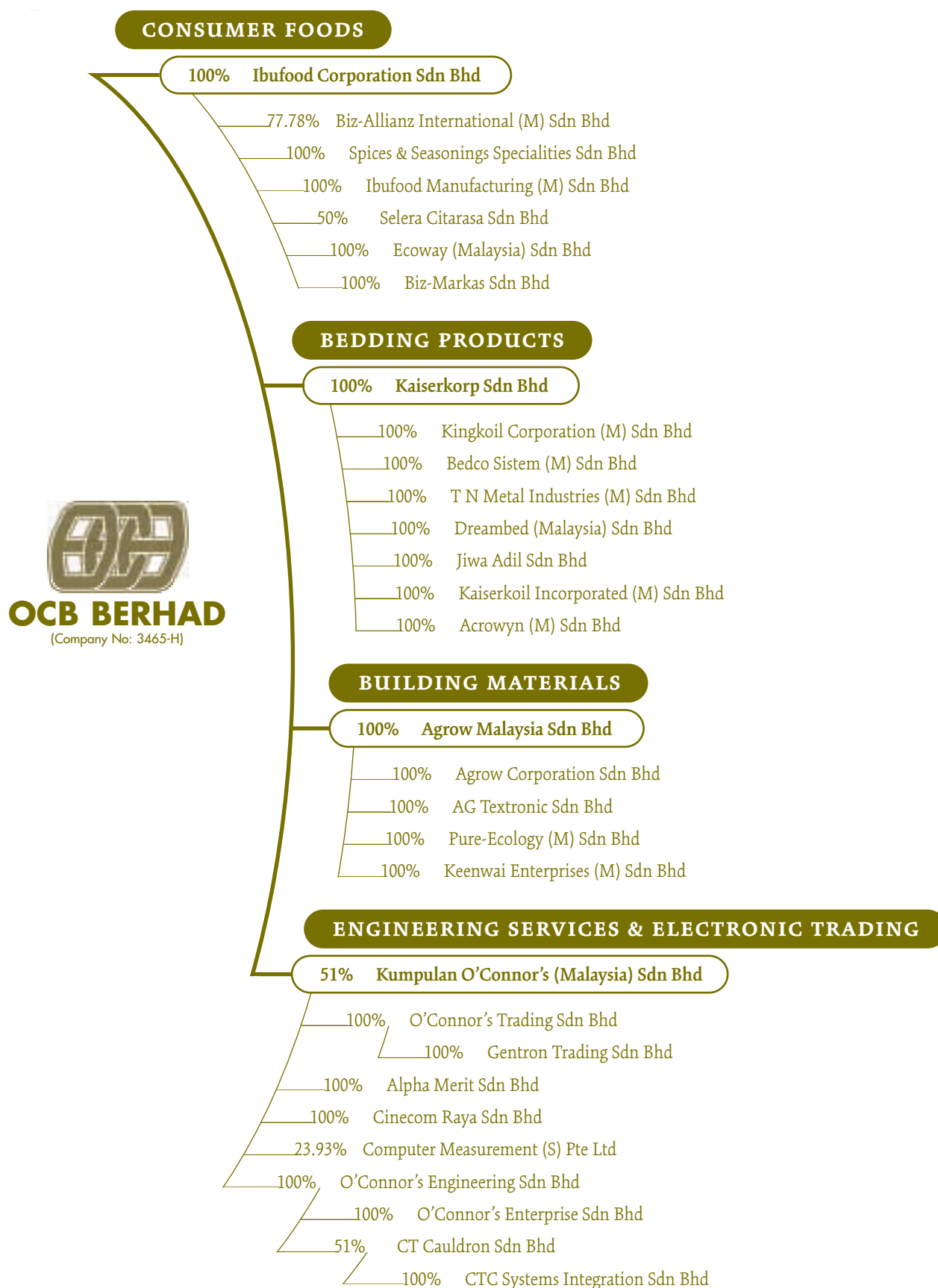
Email Address : sarbjit@pd.jaring.my

STOCK EXCHANGE LISTING

Main Board

Bursa Malaysia Securities Berhad

Corporate Structure





Directors' Profile

○ **TAY YEW KENG**

Independent Non-Executive Chairman

Malaysian, Aged 72

Appointed a Director of the Company on 29 November 2001 and assumed the position of Chairman on 27 February 2003. Has extensive years of experience in the construction, manufacturing, consumer products and trading industries.

Is actively involved in public service and has been the Patron and Chairman of Pusat Haemodialisis St John Ambulance Malaysia Bacang, Melaka since 1993. In recognition of his contribution towards public service, he was conferred the Brotherhood of St John Ambulance, United Kingdom and the Rotary International's Paul Harris Award in 1997.

Also serves as a member of the Remuneration and Nomination Committees of the Board.

○ **DATO' SUBAHAN BIN KAMAL**

Independent Non-Executive Director

Malaysian, Aged 38

Appointed a Director of the Company on 17 September 2003. Holds a Bachelor of Science (Hons.) Accounting Degree from Southern Illinois University at Carbondale, Illinois, United States of America. Member of the Malaysian Insurance Institute, Kuala Lumpur.

Began his career in 1990 with Bank Rakyat (M) Berhad, and in 1995 was appointed Senior Private Secretary to the Deputy Minister of Finance until 1998. Was subsequently appointed Senior Private Secretary to the Deputy Minister of Human Resource in 1999. Is currently an Executive Committee Member (EXCO) of UMNO Youth Malaysia.

Also serves as a member of the Audit Committee of the Board.

○ **MOHD HARRIS BIN PARDI**

Independent Non-Executive Director

Malaysian, Aged 51

Appointed a Director of the Company on 29 November 2001. Graduated with a Degree in Economics from University of Malaya and has extensive years of experience in food retailing, catering and general management.

Was a member of the pioneer management team at McDonald's Malaysia, his last position being the Head of Corporate and Business Development at Golden Archers Restaurants Sdn Bhd. Introduced the Burger King restaurant franchise in 1996 and was its first Managing Director. Also pioneered the local food court at Suria Kuala Lumpur City Centre.

Is the Chairman of the Audit and Remuneration Committees and a member of the Nomination Committee of the Board.



○ **TAN CHUAN KOON @ THUAN KHOON**

Independent Non-Executive Director

Malaysian, Aged 61

Appointed a Director of the Company on 22 February 2002. A Fellow of the Chartered Institute of Bankers, United Kingdom and a Senior Associate of Institut Bank-Bank Malaysia. Has thirty-nine (39) years of experience in the banking industry.

Began his career with HSBC Bank in 1959, and rose to the position of General Manager, Finance which he held until his retirement in 1997. Was a member of the Board of HSBC Finance Berhad from 1995 to 1997, and also held directorship in KAF Discounts Berhad from 1998 to 2001.

Is the Chairman of the Nomination Committee and a member of the Remuneration Committee of the Board.

○ **YUSOF ANNUAR BIN YAACOB**

Executive Director

Malaysian, Aged 38

Appointed to the Board of the Company on 4 April 2001. Member of the Chartered Institute of Management Accountants, United Kingdom and the Malaysian Institute of Accountants. Has sixteen (16) years of experience in investment banking, financial management and accounting.

Was Executive Director of a public listed company prior to joining the Company. Also serves on the Board of General Soil Engineering Holdings Berhad, which is listed on Bursa Malaysia Securities Berhad, and Celcom (Malaysia) Berhad as Non-Executive Chairman and Non-Executive Director respectively.

Is responsible for the Group's financial management and plays a key role in the implementation of corporate objectives. Also sits in the Audit Committee of the Board as a member.

○ **FONG HENG LEONG**

Executive Director

Malaysian, Aged 50

Appointed to the Board of the Company on 19 April 2000. Chartered member of The Institute of Internal Auditors Malaysia and holds a Master of Business Administration Degree from Heriot-Watt University, Edinburgh, United Kingdom. Has extensive experience in finance and accounting, particularly in the manufacturing and trading industries.

Was heading the Finance Division of Kaiserkorp Berhad prior to his appointment to the Board of the Company. Is currently responsible for the Group's operational management.

Notes:

- (i) None of the Directors has had convictions for any offences within the past ten (10) years.
- (ii) None of the Directors has any business arrangement with the Company in which he has a personal interest.
- (iii) None of the Directors has any family relationship with any Director and/or major shareholder of the Company.
- (iv) All the Directors attended all five (5) Board meetings of the Company except for Dato' Subahan Bin Kamal who attended one (1) meeting in view of his appointment to the Board on 17 September 2003.

Group Financial Highlights

	30.9.1999	30.9.2000	15 MONTHS 31.12.2001	RESTATED 31.12.2002	31.12.2003
	RM'000	RM'000	RM'000	RM'000	RM'000

GROUP INCOME STATEMENT

Turnover	234,774	380,787	413,770	398,309	366,827
Profit before Taxation	14,491	17,193	16,326	8,385	19,312
Taxation	(595)	(5,401)	(6,537)	(7,269)	(8,313)
Profit after Taxation	13,896	11,792	9,789	1,116	10,999
Pre-Acquisition Profit	—	—	—	(2,411)	—
Minority Interest	(4,831)	(5,608)	(2,293)	(3,767)	(3,296)
Profit after Taxation and Minority Interest	9,065	6,184	7,496	(5,062)	7,703

CONSOLIDATED BALANCE SHEET

Fixed Assets Investments	50,944	99,625	96,344	125,035	124,366
Investment	31,179	31,325	1,552	4,196	4,124
Intangible Assets	105	22,253	22,153	60,339	60,339
Deferred Expenditure	—	—	—	—	—
Net Current Assets	99,861	57,286	83,251	169,274	179,161
	182,089	210,489	203,300	358,844	367,990

FINANCED BY

Shareholders' Funds	132,345	137,284	144,768	138,482	149,344
Minority Interest	51,268	52,691	51,360	58,288	57,663
Deferred Taxation	(1,724)	1,266	2,639	6,680	6,568
Long Term Bank Borrowing	—	18,010	3,882	154,424	153,273
Finance Creditors	200	1,238	651	970	1,142
	182,089	210,489	203,300	358,844	367,990

Number of Shares Issued and Fully Paid-Up

('000)

42,500	42,500	42,500	42,500	46,750
--------	--------	--------	--------	--------

Earnings per Share

Gross	(Sen)	22.7	27.3	33.0	5.2	34.2
Net	(Sen)	21.3	14.6	17.6	(11.9)	16.8

Dividend

Gross	(%)	4.00	4.00	4.00	4.00	4.00
-------	-----	------	------	------	------	------

Net Tangible Assets per Share

(RM)

3.11	2.71	2.88	1.84	1.90
------	------	------	------	------



TURNOVER (RM'000)

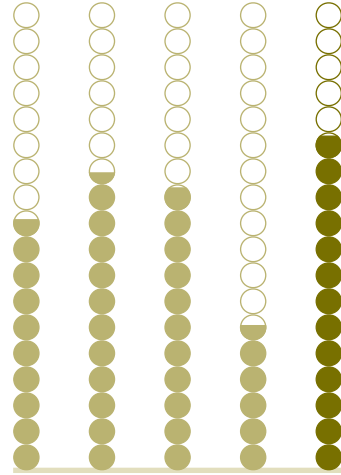
234,774 413,770 366,827
380,787 398,309



'99 '00 '01 '02 '03

PROFIT BEFORE TAXATION (RM'000)

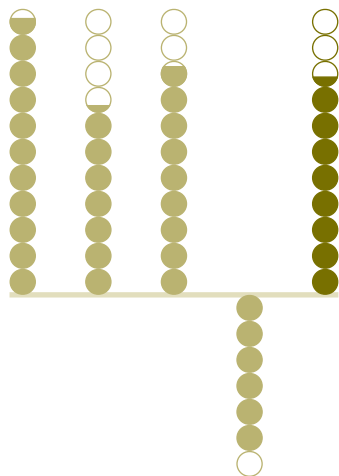
14,491 16,326 19,312
17,193 8,385



'99 '00 '01 '02 '03

NET EARNINGS PER SHARE (SEN)

21.3 14.6 17.6 (11.9) 16.8



'99 '00 '01 '02 '03

NET TANGIBLE ASSETS PER SHARE (RM)

3.11 2.71 2.88 1.84 1.90



'99 '00 '01 '02 '03



Group Directory

CONSUMER FOODS

The manufacture, trading and distribution of consumer foods are undertaken by Ibufood Corporation Sdn Bhd group of companies (ICSB group). The group is the first to market the instant Migoreng or toss dry noodle under the famous household brand Indomie. Other brands of instant noodles marketed by ICSB group include Ibumie, Rindumie and Miko.

Apart from instant noodles, ICSB group also manufactures and distributes mayonnaise under the brand name Telly. It also distributes various imported brands of goods such as Krakus Jam,

Crown Peanut Butter, Pascual Yoghurt, Koppen Sparkling Juice, Smiling Fish Canned Sardines and ABC Household Battery.

ICSB group is also into OEM manufacturing and export of its instant noodles, seasonings and mayonnaise.

The group is well represented in Peninsula Malaysia with its head office in Petaling Jaya, Selangor and its numerous branches all strategically located in major towns within the Peninsula.

HEAD OFFICE

Wisma King Koil
2C-3, Level 3, Jalan SS6/6, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Telephone No.: 03-7805 4728
Fax No. : 03-7805 4726
Email Address : biz_allianz@yahoo.com
Website : <http://www.biz-allianz.com>

BRANCHES

Sales & Services

Penang

No. 40, Loh Boon Siew Road
10400 Penang
Tel/Fax No. : 04-227 3806

Perak

No. 54A, Laluan Tasek Timur 15
Taman Mewah Bercham
31400 Ipoh, Perak Darul Ridzuan
Telephone No.: 05-547 4507
Fax No. : 05-547 4460

Pahang

Lot 95-B, Semambu Industrial Estate
25300 Kuantan
Pahang Darul Makmur
Telephone No.: 09-566 0268
Fax No. : 09-566 0278

Johor

No. 7-9, Jalan Dataran 3/4
Taman Kempas
81200 Johor Bahru
Johor Darul Takzim
Telephone No.: 07-238 9897
Fax No. : 07-236 7254

Kelantan

Lot 5739, Kawasan MEI Lundang
Seksyen 25, Bandar Kota Bharu
15150 Kota Bharu
Kelantan Darul Naim
Telephone No.: 09-744 2092
Fax No. : 09-744 8096

MANUFACTURING

Selangor

Lot No. 6, Jalan P/15
Kawasan Perindustrian MIEL
Seksyen 10
43650 Bandar Baru Bangi
Selangor Darul Ehsan
Telephone No.: 03-8926 9550
Fax No. : 03-8926 9504

Sarawak

Lot 916-918
Block 5, Seduan LD
Jalan Ding Lik Kwong
96000 Sibul, Sarawak
Telephone No.: 084-310 755/312 755
Fax No. : 084-323 755



BEDDING PRODUCTS

Kaiserkorp Sdn Bhd group of companies (KKS group) specialises in the manufacture and distribution of an exclusive range of quality innerspring mattresses, foam fibre systems and divans under the King Koil trademark. Its other products include pillows, bolsters and bed linens. Pursuant to a licensing agreement with King Koil International Inc. ("King Koil USA"), KKS group is able to utilise and incorporate the latest technological know-how of King Koil USA into its own King Koil range of products in Malaysia. The quality of King Koil mattresses has received endorsement and recognition from:

- The Posture Committee of the International Chiropractors Association (ICA), USA;
- The Foundation for Chiropractic Education and Research (FCER), USA; and
- The Good Housekeeping Magazine.

KKS group also manufactures and distributes other in-house brands of mattresses such as Wonderland, Wondercoil, Paolo Simmons, First Knight and Tagge.

Having been in the industry for more than twenty (20) years, KKS group has developed an established marketing network comprising more than six hundred (600) dealers regionally. With its head office in Petaling Jaya, Selangor, KKS Group is well represented with branches strategically located in major towns in Peninsula Malaysia.

HEAD OFFICE

Wisma King Koil
2C-5, Level 5, Jalan SS6/6, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Telephone No.: 03-7805 4766
Fax No. : 03-7805 4755
Email Address : bed@kingkoil.com.my
Website : <http://www.kingkoil.com.my>

BRANCHES

Sales & Services

Penang

49-Q, Lorong Sempadan Dua
11400 Pulau Pinang
Telephone No.: 04-826 6601
Fax No. : 04-826 6959

Johor

No. 12, Jalan Sri Plentong 2
Taman Perindustrian Sri Plentong
81750 Masai, Johor Bahru
Telephone No.: 07-386 8681
Fax No. : 07-386 8682

Perak

56, Lintasan Perajurit Enam
Ipoh Garden East
31400 Ipoh
Telephone No.: 05-546 7321
Fax No. : 05-546 7330

Melaka

76A, Jalan Semabok
75050 Melaka
Tel/Fax No. : 06-231 7907

MANUFACTURING

Selangor

Lot 2137, Jalan Enggang
Kampung Batu 9, Kebun Baru
42500 Teluk Panglima Garang
Selangor Darul Ehsan
Telephone No.: 03-3122 1866/1867/1868/1869
Fax No. : 03-3122 1870

Selangor

Lot 1, Lorong Perak 2
42500 Teluk Panglima Garang
Selangor Darul Ehsan
Telephone No.: 03-3122 1391
Fax No. : 03-3122 1008



BUILDING MATERIALS

Agrow Malaysia Sdn Bhd group of companies (AMSB group) distributes a wide range of building materials for the construction of hotels, condominiums, low and medium cost houses, shopping complexes, hospitals and prisons in accordance with the specifications required by architects, contractors and developers.

The group distributes numerous brand names in sanitary wares, fittings and healthcare products such as Akron, Sloan, Johnson

Suisse and Inax. It is also a distributor of various brand names in ironmongery and builders' hardware, namely LocWare and LokRite, and EZ Sets for which it holds sole distributorship.

AMSB group's head office is located in Petaling Jaya, Selangor with branch offices in the northern and southern towns of Peninsula Malaysia.

HEAD OFFICE

Wisma King Koil
2C-4, Level 4, Jalan SS6/6, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Telephone No.: 03-7805 4748
Fax No. : 03-7805 4723
Email Address : akron@tm.net.my

BRANCHES

Sales & Services

Penang

No. 40, Loh Boon Siew Road
10400 Pulau Pinang
Telephone No.: 04-229 7461
Fax No. : 04-229 7462

Johor

70 & 70A, Jalan Molek 2/1
Taman Molek
81100 Johor Bahru
Telephone No.: 07-353 2267
Fax No. : 07-353 2254



ENGINEERING SERVICES

O'Connor's Engineering Sdn Bhd (OCE) specialises in the designing, supplying, installation and commissioning of telecommunications, information technology, professional sound, lighting & security and broadcasting & multimedia systems. It also distributes highly technical measuring and calibration instruments and analytical equipment.

OCE has two main divisions namely the Communications Division and the Pro-Sound, Lighting & Security Systems Division. The former consists of six (6) departments:

- (i) Voice Communications;
- (ii) Business Communications;
- (iii) Data Communications;
- (iv) Electronics & Instrumentation;

- (v) Radio Communications; and
- (vi) Broadcast & Multimedia.

The latter consists of three (3) departments:

- (i) Pro-Sound & Conference;
- (ii) Lighting & Audio Visual; and
- (iii) Video Surveillance System.

OCE's head office is located in Petaling Jaya, Selangor with branches strategically located in major towns within Malaysia. All its offices are well supported by experienced and well-trained employees who consistently provide clients with innovative and effective solutions to their business problems.

HEAD OFFICE

Bangunan O'Connor
13, Jalan 223
46100 Petaling Jaya
Selangor Darul Ehsan
Telephone No.: 03-7953 8400
Fax No. : 03-7957 7871
Email Address : oconnor@oce.com.my
Website : <http://www.oce.com.my>

BRANCHES

Sales & Services

Penang

203, Jalan Burmah
10050 Pulau Pinang
Telephone No.: 04-227 7117
Fax No. : 04-227 1177
Email Address : ocep@po.jaring.my

Sabah

1st Floor, Lot 9, Block 31
Penampang New Township
7 km, Jalan Penampang
88300 Kota Kinabalu
Telephone No.: 088-725 277
Fax No. : 088-725 178
Email Address : ocekk@po.jaring.my

Johor

56, Jalan Dian 8
Taman Munsyi Ibrahim
Jalan Skudai
81200 Johor Bahru
Telephone No.: 07-236 6733
Fax No. : 07-234 0733
Email Address : ocej@po.jaring.my

Sarawak

1st Floor, Lot 96
Section 63, Lorong 5B
Kuching Town Land District
Jalan Datuk Abang Abdul Rahim
93450 Kuching, Sarawak
Telephone No.: 082-342 828
Fax No. : 082-342 929
Email Address : oesbkch@po.jaring.my



ENGINEERING SERVICES (CONT'D)

BUSINESS PARTNERS

Accom	IDX Battery/Charger
ADC	interM
Adtech Inc	Jeron
Amx Control Systems	JVC
Anritsu Corporation	Kathrein
Artistic Licence (UK) Ltd	Magni Systems
Avaya	Martin Professional
AVO International	Miranda Technologies
Brahler ICS	NEC
Brimar Limited	Newbridge/Acatel
Calrec Audio	Nova Systems
Canare	Nordx
CELCO Digital Film Recorders	Optelecom
Cintel	Philips
Cisco	Rion Co. Ltd
Claude Lyons	Rosco Entertainment Technology
Communications Specialties	Rosco Laboratories
Crestron Control Systems	Steward Film Screen Corporation
Da Vinci	Strand Lighting Asia Ltd
Draper Inc	Tait
Doughty Engineering Ltd	Televes
Enterasys	ThermoFinnigan
Extron Electronics	Thurlby Thandar
FAR	Verity System
Fermax	Video International
FOR.A	Winsted Furniture Systems
Furukawa Electric Co. Ltd	Wolfvision Visualizer
HID	YEM
High End Systems, Inc	Zapex



CONSUMER ELECTRONIC PRODUCTS

O'Connor's Trading Sdn Bhd (OCT) specialises in the marketing of mobile phones and consumer electronic products. It is an authorised distributor of Alcatel mobile phones in Malaysia and remains as an independent importer of various brands of mobile phones such as Nokia, Ericsson, Sagem and Motorola. It also markets various consumer electronic products namely Samsung key phone systems, digital and analog cameras and cash registers.

OCT's head office is located in Petaling Jaya, Selangor with six (6) branches located nationwide. It also has an extensive mobile phone franchise network under the O'Connor's Shoppe. After-sale service is fully backed up by seven (7) fully equipped service centres located throughout Malaysia which are manned by skilled and experienced personnel.

HEAD OFFICE

Bangunan O'Connor
13, Jalan 223
46100 Petaling Jaya
Selangor Darul Ehsan
Telephone No.: 03-7957 1818
Fax No. : 03-7955 6017
Email Address : webmaster@oconnors.com.my
Website : <http://www.oconnors.com.my>

BRANCHES

Sales & Services

Penang

203, Jalan Burmah
10050 Pulau Pinang
Telephone No.: 04-228 9988
Fax No. : 04-229 8899
Email Address : octpe@po.jaring.my

Johor

1st Floor, 58, Jalan Dian 8
Taman Munsyi Ibrahim
Jalan Skudai
81200 Johor Bahru
Telephone No.: 07-238 8399
Fax No. : 07-238 3814
Email Address : octjb@po.jaring.my

Sabah

Ground Floor, Lot 9, Block 31
Penampang New Township
7 km, Jalan Penampang
88300 Kota Kinabalu
Telephone No.: 088-720 588
Fax No. : 088-714 677
Email Address : octkk@po.jaring.my

Pahang

A123 (2nd Floor)
Pusat Dagangan Kuantan
Off Jalan Tun Ismail
25000 Kuantan
Telephone No.: 09-515 8033
Fax No. : 09-515 8099
Email Address : octku@po.jaring.my

Perak

519-519A, Jalan Pasir Puteh
31650 Ipoh
Telephone No.: 05-322 2111
Fax No. : 05-321 1294
Email Address : octip@po.jaring.my

Sarawak

1st Floor, Lot 95, Section 63
Lorong 5B, KTL D
Jalan Datuk Abang Abdul Rahim
93450 Kuching, Sarawak
Telephone No.: 082-240 551
Fax No. : 082-240 641
Email Address : octca@po.jaring.my



Chairman's Statement

INTRODUCTION

2003 was a year of consolidation. Your Company is now a full-fledged consumer conglomerate with activities ranging from consumer foods, bedding and sleep products to building materials while maintaining the telecommunication trading services and engineering business.

I am pleased to report that your Company achieved a revenue of RM366.8 million while profit from operations before finance cost increased to RM31.4 million from RM29.2 million previously. Our net margin before finance cost witnessed an improvement of 18.0% to 8.6% that is primarily attributable to the strong performance of the consumer foods division.

OPERATIONAL REVIEW 2003

Consumer Foods

The Ibufood Corporation Sdn Bhd Group of Companies that encompasses Biz-Allianz International (M) Sdn Bhd, Spices & Seasonings Specialities Sdn Bhd and Ibufood Manufacturing (M) Sdn Bhd contributed 26% to total group revenue and 47% to earnings before finance cost. Revenue contribution from instant noodles remains strong and with our new plant now fully operational, the benefits of higher efficiency have translated into an expansion in our margins. Overall margin improvement is also due to the strong performance of mayonnaise products marketed under the "Telly" brand. Despite only being in the market for the past 18 months, "Telly" has emerged as a top three brand in a market long dominated by foreign imported brands. While the Iraq war and the outbreak of Severe Acute Respiratory Syndrome ("SARS") had a short-term effect on general business confidence, the consumer foods division with its highly recognisable brands and strong cash flows augured well for your Company during those difficult times.

Bedding and Sleep Products

The Kaisercorp Sdn Bhd Group of Companies, the bedding and sleep products division, that is involved in the manufacturing, distribution and trading of numerous brands such as "King Koil", "Wondercoil" and "First Knight" had a commendable performance despite operating under difficult conditions. Revenue declined by 6% to RM53.4 million. However, net margins before interest remained stable at 12.4%. Throughout 2003, general consumer confidence remained subdued brought about by the twin effects of the Iraq war and SARS, but the division has been able to retain its competitiveness by ensuring product prices remain flexible and continuously improving our manufacturing capabilities.

Building Materials

2003 was a strong year for the Agrow Malaysia Sdn Bhd Group of Companies with revenue of RM32.3 million and earnings before interest up by 48% to RM4.1 million. The improved performance is attributable to higher margin products sold to customers in the construction industry. Furthermore, the division was not affected by the general slowdown in the business environment as a majority of its contracts came from the Government sector. Nevertheless, the division has taken steps to ensure that its cost base remains low in anticipation of a slowdown in Government related activity.

Telecommunications — Engineering Services

The division reported a 16% increase in revenue and earnings before interest of RM11.9 million. There was a significant pick up in new contracts from both the direct and non-direct telecommunication sector. However, margins have declined due to the competitive nature of the industry coupled with higher type margin contracts completed in 2002. The engineering services division remains a leader in its industry and this is achieved by retaining a significant number of employees with professional engineering qualifications. The division will continue to provide its employees with sufficient training to be in the forefront of the industry.

Telecommunications — Electronic Trading

In last year's Annual Report, I informed you that I was confident that with the measures taken in the electronic trading division, we would have been able to overcome our problems and that a turnaround was imminent. However, I wish to report that despite our best efforts, the division witnessed a decline in revenue from RM146.3 million to RM96.5 million in 2003 with losses before interest widening to RM2.2 million. Due to liberalisation of the industry and manufacturers seeking market share, mobile phones have become a commodity. Our cost structure does not allow us to be competitive in a market dominated by a significant number of small and low cost operators.

Accounting Changes — Effects of Malaysian Accounting Standards Board ("MASB") 27

In 2003, your Company modified its accounting policy on borrowing cost with the adoption of MASB 27. Under MASB 27, capitalisation of borrowing costs should cease when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. Thus, the interest in suspense related to the Serial Bonds of RM14.3 million that was originally to be amortised over the life of the Bonds has been dealt as a prior year adjustment. This has resulted in changes to our 2002 audited figures. The Board continues to remain diligent to ensure that its accounting policies are in line with acceptable standards in compliance with the Best Practices of the Malaysian Code on Corporate Governance.



CORPORATE CALENDAR

Rights Issue and Bonus Issue

In September 2003, your Company announced a rights issue and bonus issue to raise approximately RM40.0 million in order to repay bank borrowings as well as to provide for additional working capital. The capital raising exercise has received Securities Commission's and your approval, and is now at the last stages of completion. Upon the completion of the capital raising exercise, your Company would have also complied with meeting the minimum issued and paid-up capital requirement of RM60.0 million as stipulated by Bursa Malaysia Securities Berhad.

Kumpulan O'Connor's (Malaysia) Sdn Bhd

In my last report, one of the issues that was of concern was the continuing legal action between your Company and the minority shareholder in Kumpulan O'Connor's (Malaysia) Sdn Bhd ("KOM"). Your Company has come to an agreement on two (2) fronts with the minority shareholder that will involve firstly, the disposal by the Company of its entire 51% equity interest in KOM for a cash consideration of RM80.0 million ("Sale") and secondly, a Settlement Agreement in relation to the legal action between the two parties. The Sale will be put to shareholders for approval in the near future.

Dividends

I am pleased to announce that the Board of Directors is recommending a first and final gross dividend of 4% per share less Malaysian Income Tax at 28% for the financial year ended 31 December 2003.

PROSPECTS FOR 2004

With the effects of SARS and the Iraq war behind us, consumer confidence has shown resilience with a sharp pick up in demand. This, coupled with the smooth handover in power with the appointment of the new Prime Minister, the recently completed General Elections and buoyant commodity prices, will provide a backdrop for the economy to perform strongly. I am confident that your Company is well positioned to benefit from a pick up in consumer demand.

For most of our businesses, growth will be achieved organically with the introduction of new products' innovation, particularly in the consumer foods division, that leverage on our brands and manufacturing capabilities. The bedding and sleep products division is evaluating an investment into an up and coming brand of bed linens and other sleep products that has a fast growing retail presence. All these efforts are intended to ensure that we continue to leverage on our strong brands as well as maximise the potential of our well developed distribution network.

With the announcement of the sale of KOM, the electronic trading and engineering services divisions will no longer be part of your Company. I expect the sale to be completed by the third quarter of 2004 and the proceeds from the sale of RM80.0 million will be used to primarily repay bank borrowings and other debts.

With the proceeds from the rights issue and sale of KOM, your Company will raise in excess of RM120.0 million cash. At this juncture, your Company intends to use the bulk of the cash to repay bank borrowings, but remains on a look out for new investment opportunities. Our investment criteria will be rigorous and related to our core competency. Any decision in respect of the new investment will be duly made known to our shareholders.

APPRECIATION

On behalf of the Board of Directors, I would like to welcome Dato' Subahan Bin Kamal to the Board. To the management and staff, I would like to offer my thanks for their contribution during the past year. To the regulatory bodies and Government agencies, I offer my thanks and gratitude for their support and guidance, and finally to the shareholders, I extend my unreserved appreciation for the strong sense of commitment displayed to the Company.

TAY YEW KENG

Chairman

14 May 2004



Corporate Governance Statement

The Board of Directors is committed to maintaining high standards of corporate governance and strives to continually improve on the Company's governance processes and structures as articulated in the Principles and Best Practices promulgated in the Malaysian Code on Corporate Governance ("the Code").

The Company has complied with the Code throughout the financial year under review. This Statement together with the Statement on Internal Control, sets out the manner in which the Company has applied the Principles laid down in the Code and complied with the Best Practices stated therein.

A. DIRECTORS

The Board

The Board is responsible for the Company's overall strategy, its acquisition and divestment policy, the approval of major capital expenditure and the consideration of significant financial matters. In addition, the Board monitors the Group's exposure to key business risks and reviews the direction of individual business units, their annual budgets and their progress in relation to these budgets.

To ensure that the Group is managed effectively, the Board meets on a scheduled basis. During the financial year ended 31 December 2003, a total of five (5) Board meetings were held and the attendance of each of the Director is recorded in the Statement Accompanying Notice of Annual General Meeting.

Board Composition and Balance

The Board comprises six (6) members of whom two (2) are Executive Directors and four (4) are Independent Non-Executive Directors. There is thus optimum board balance with two-thirds of the Board being independent.

The two (2) Executive Directors are professionals in financial and operational management having been in the investment banking, accounting and manufacturing industries since the beginning of their respective careers. The four (4) Independent Non-Executive Directors with their background in economics, accounting, banking, business management, food retailing and construction, and together with their past experiences in both the public and private sectors, provide a broader view, independent assessment and opinions on management proposals put forth by the Executive Directors and a capable check and balance for the Executive Directors. Encik Mohd Harris Bin Pardi is the Senior Independent Non-Executive Director to whom the concerns of fellow members may be conveyed.

The roles of the Non-Executive Chairman and the Executive Directors are distinct and separate. The Chairman is primarily responsible in ensuring the orderly conduct and working of the Board, while the Executive Directors are responsible for the implementation of broad strategies and policies approved by the Board and reporting at board meetings of all material matters currently or potentially affecting the Group and its performance including strategic projects and regulatory developments.

Board Meetings and Supply of Information

The Board has a formal Schedule of Matters reserved specifically for its decision. It meets on a scheduled basis, at least five (5) times a year, to review and approve the quarterly financial statements of the Group and of the Company, review the performance of the business of the Group and to deliberate on policies and strategic issues affecting the Group's businesses. In addition to the regular Board meetings, special Board meetings are convened on an ad-hoc basis when necessary to consider corporate proposals or other matters that require the Board's urgent decision.

The agenda for each Board meeting, together with detailed management reports and proposal papers are forwarded to each Director for their perusal and consideration well in advance of the Board meeting date. Minutes of every Board meeting are circulated to the Directors for comments prior to confirmation of the Minutes at the following Board meeting. Senior Management staff as well as advisers and professionals appointed to act for the Company on corporate proposals to be undertaken are invited to attend Board meetings to furnish the Board their views and explanations on relevant agenda items tabled to the Board and to provide clarification on issues that may be raised by any members of the Board.



A. DIRECTORS (CONT'D)

Board Meetings and Supply of Information (CONT'D)

The Board has full and timely access to all relevant information to discharge their duties effectively. All Directors have ready access to the advice and services of the Head of Internal Audit and the Company Secretary. They are constantly kept updated by the Company Secretary on new statutory and regulatory requirements relating to the duties and responsibilities of Directors as well as those affecting the Company. They may also seek external independent professional advice, if so required, in furtherance of their duties.

Appointments to the Board

The Company has in place a formal procedure for the appointment of new Directors. All nominees to the Board are first considered by the Nomination Committee, taking into account the required mix of expertise and experience and other qualities, before making a recommendation to the Board.

Re-election

In accordance with the Company's existing Articles of Association, all Directors shall retire from office once at least in each two (2) years at the annual general meeting, but shall be eligible for re-election.

Pursuant to Section 129 of the Companies Act, 1965, Directors who are over the age of seventy (70) years shall retire at every annual general meeting and shall be eligible for re-appointment until the next annual general meeting.

Particulars of Directors for re-election or re-appointment are disclosed in the Statement Accompanying the Notice of Annual General Meeting in this Annual Report.

Directors' Training

All new Directors undergo an orientation programme to enable them to contribute effectively from the onset of their appointments. All the Directors have completed the Mandatory Accreditation Programme.

During the financial year under review, the Directors have actively attended various relevant training programmes accredited by Bursa Malaysia Securities Berhad ("Bursa Malaysia") following the introduction of the mandatory Continuing Education Programme by Bursa Malaysia in July 2003.

Directors' Remuneration

The Executive Directors' remuneration comprises a salary, bonuses and other customary benefits as appropriate. Salary reviews take into account market rates and the performance of the individual and the Group. Remuneration of the Non-Executive Directors is based on a standard fixed fee. Additional allowances are also paid in accordance with the number of meetings attended during the year.

Details of the remuneration of the Directors categorised into appropriate components for the financial year ended 31 December 2003 are as follows:

CATEGORY	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
Fees (RM'000)	—	68,250.00 *
Salaries (RM'000)	359,340.00	—
Bonus (RM'000)	26,500.00	—
Benefits-in-kind (RM'000)	—	—
Others (RM'000)	—	—
Total (RM'000)	385,840.00	68,250.00 *



A. DIRECTORS (CONT'D)

Directors' Remuneration (CONT'D)

The number of Directors whose total remuneration falls within the following bands is:

RANGE OF REMUNERATION	NUMBER OF DIRECTORS	
	EXECUTIVE	NON-EXECUTIVE
Below RM50,000	—	5 *
RM50,001 to RM100,000	—	—
RM100,001 to RM150,000	1	—
RM150,001 to RM200,000	—	—
RM200,001 to RM250,000	1	—
RM250,001 to RM300,000	—	—

* Includes one (1) Non-Executive Director who resigned during the financial year ended 31 December 2003

B. BOARD COMMITTEES

The Board has three (3) standing committees, each operating within defined terms of reference, to assist the Board in discharging its responsibilities. The committees are the Audit Committee, the Nomination Committee and the Remuneration Committee.

Audit Committee

The composition of the Audit Committee, its terms of reference and activities during the financial year ended 31 December 2003 are set out in the Audit Committee Report.

Nomination and Remuneration Committees

The Nomination and Remuneration Committees comprises the following Independent Directors:

NAME OF DIRECTORS	NOMINATION COMMITTEE	REMUNERATION COMMITTEE
Mohd Harris Bin Pardi	Member	Chairman
Tan Chuan Koon @ Thuan Khoon	Chairman	Member
Tay Yew Keng	Member	Member

The Nomination Committee is responsible for making recommendations to the Board on all new Board and Board Committee appointments while the Remuneration Committee is responsible for making recommendations to the Board on the framework of the Directors' remuneration as well as the remuneration packages for all the Directors.



C. SHAREHOLDERS

Communication with Shareholders and Investors

The Company continues to recognise the need for clear and effective communication with its shareholders and investors. Information on all major developments within the Group and financial results are disseminated through public announcements, quarterly reports and the Annual Report on a timely basis. The Company maintains dialogues with its shareholders as and when required.

An important forum for communication and dialogue with shareholders is the general meetings of the Company whereby shareholders are at liberty to raise questions on the agenda of the general meetings. At the Annual General Meeting ("AGM") of the Company each year, shareholders are given sufficient opportunity to put questions and seek clarification on the Group's business activities and performance as well as to communicate their expectations and concerns. All members of the Board, Senior Management and the Company's External Auditors are available to respond to shareholders' questions during the AGM.

A press conference is held each time immediately after the AGM where the Executive Directors are present to clarify and explain issues raised by the media.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to convey a balanced and understandable assessment of the financial position and prospects of the Company and of the Group in the quarterly reports, the Annual Report and other financial reports to shareholders, investors and the regulatory authorities. In preparing such reports, the Board is assisted by the Audit Committee to oversee the financial reporting processes and the quality of financial reporting to ensure accuracy and adequacy.

The Directors' Responsibility Statement in respect of the preparation of the audited annual financial statements of the Group and of the Company is set out on page 27 of this Annual Report.

Internal Controls

The information on the Group's internal control is set out in the Statement on Internal Control in this Annual Report.

Relationship with the External Auditors

The Board ensures that there are formal and transparent arrangements for the maintenance of an objective and professional relationship with the External Auditors.

This statement is made in accordance with the resolution of the Board of Directors dated 27 May 2004.



Other Information

SHARE BUYBACKS

During the financial year, there were no share buybacks by the Company.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No options, warrants or convertible securities were issued by the Company during the financial year.

AMERICAN DEPOSITORY RECEIPT (“ADR”) OR GLOBAL DEPOSITORY RECEIPT (“GDR”) PROGRAMME

The Company did not sponsor any ADR or GDR programme during the financial year.

IMPOSITION OF SANCTIONS/PENALTIES

There were no public sanctions and/or penalties imposed on the Company and its subsidiary companies, Directors or management by the relevant regulatory bodies during the financial year.

NON-AUDIT FEES

The non-audit fees paid to the External Auditors by the Company for the financial year amounted to RM10,000.

PROFIT GUARANTEES

During the financial year, there were no profit guarantees given by the Company.

MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into the ordinary course of business) entered into by the Company and/or its subsidiaries which involve Directors’ and major shareholders’ interest which subsisted at the end of the financial year ended 31 December 2003 or, if not subsisting, entered into since the end of the previous financial year.

REVALUATION POLICY

The Company does not have a revaluation policy on landed properties.

Audit Committee Report



COMPOSITION

The Audit Committee comprises the following:

Members

- **Mohd Harris Bin Pardi**
Chairman/Independent Non-Executive Director
- **Dato' Subahan Bin Kamal**
Member/Independent Non-Executive Director
- **Yusof Annuar Bin Yaacob**
Member/Executive Director

Secretary

- **Tan Bee Keng**

NUMBER OF MEETINGS AND ATTENDANCE

The Audit Committee had four (4) meetings during the financial year which were attended by all members. The Head of Internal Audit attended all these meetings upon invitation by the Chairman of the Audit Committee.

TERMS OF REFERENCE

1. Membership

- 1.1 The Audit Committee shall be appointed by the Board of Directors from amongst its members (excluding alternate directors) which shall fulfill the following requirements:
- (a) the Audit Committee must be composed of no fewer than three (3) members;
 - (b) a majority of the Audit Committee must be Independent Directors; and
 - (c) at least one member of the Audit Committee:
 - (i) must be a member of the Malaysian Institute of Accountants ("MIA"); or
 - (ii) if he is not a member of the MIA, he must have at least three (3) years' working experience and:
 - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
 - (iii) if he is not a member of the MIA, he must have:
 - (aa) a degree/masters/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or
 - (bb) at least seven (7) years' experience of being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.



TERMS OF REFERENCE (CONT'D)

1. Membership (CONT'D)

- 1.2 In the event of any vacancy arising in the Audit Committee resulting in non-compliance in its composition, such vacancy must be filled within three (3) months.
- 1.3 The term of office and performance of the Audit Committee and each of its members must be reviewed by the Board at least once every two (2) years.

2. Chairman

- 2.1 The members of the Audit Committee shall elect a Chairman from amongst their number who must be an Independent Director.

3. Secretary

- 3.1 The Company Secretary(s) of the Company shall be the Secretary(s) of the Audit Committee.

4. Meetings

- 4.1 Meetings shall be held not less than four (4) times a year, although additional meeting may be called at any time at the discretion of the Chairman of the Audit Committee. An agenda shall be sent to all members of the Audit Committee and any persons who may be required/invited to attend. All meetings to review the quarterly results and annual financial statements, shall be held prior to such quarterly results and annual financial statements being presented to the Board for approval.
- 4.2 A quorum in respect of a meeting of the Audit Committee shall not be less than two (2) members, the majority of whom must be Independent Directors.
- 4.3 Notwithstanding paragraph 4.1 above, any member of the Audit Committee, the External Auditors or the Internal Auditors may request and the Chairman of the Audit Committee shall convene a meeting of the Committee to consider the matters brought to its attention.
- 4.4 Other Directors and employees may attend any particular Audit Committee meeting only at the invitation of the Audit Committee, specific to the relevant meeting.
- 4.5 The Audit Committee may establish any regulations from time to time to govern its administration.

5. Authority

- 5.1 All employees are directed to cooperate with any request by the Audit Committee and the Audit Committee shall:
 - (a) have authority to investigate any matter within its Terms of Reference;
 - (b) have the resources which are required to perform its duties;
 - (c) have full and unrestricted access to any information pertaining to the Company and Group;
 - (d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity (if any);
 - (e) be able to obtain independent professional or other advice; and
 - (f) be able to convene meetings with the External Auditors, excluding the attendance of the executive members of the Company, whenever deemed necessary.



TERMS OF REFERENCE (CONT'D)

6. Duties and Responsibilities

- 6.1 The Audit Committee is responsible to the Board of Directors for the following in its role to ensure proper management of assets, liabilities, revenue and expenses of the Company and Group and compliance with statutory obligations:
- (a) to discuss and review with the External Auditors the audit plan before the audit commences;
 - (b) to review with the External Auditors their evaluation of the system of internal controls;
 - (c) to review with the External Auditors the audit report and to discuss problems and reservations arising from the interim and final audits, management letter and management's response and any matters the External Auditors may wish to discuss;
 - (d) to review the assistance given by the Company's employees to the External Auditors;
 - (e) to review the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (f) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (g) to review the quarterly results and year end financial statements prior to the approval of the Board, focusing particularly on:
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements.
 - (h) to review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (i) to review any letter of resignation from the External Auditors of the Company or Group;
 - (j) to review whether there is any reason (supported by grounds) to believe that the Company's External Auditors are not suitable for re-appointment;
 - (k) to recommend to the Board of Directors the nomination of a person or persons as External Auditors;
 - (l) to make recommendations to the Board of Directors on any appropriate issues and findings in the course of performing of its duties;
 - (m) to promptly report to Bursa Malaysia Securities Berhad ("Bursa Malaysia") on any matter reported by it to the Board of Directors which has not been satisfactorily resolved resulting in a breach of Bursa Malaysia Listing Requirements; and
 - (n) to carry out any other function that may be mutually agreed upon by the Audit Committee and the Board which would be beneficial to the Company and ensure the effective discharge of the Audit Committee's duties and responsibilities.



TERMS OF REFERENCE (CONT'D)

7. Minutes

- 7.1 The Audit Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated.
- 7.2 Minutes of each meeting shall be distributed to all attendees at the meetings and members of the Audit Committee.
- 7.3 The Secretary(s) shall circulate the minutes of the Audit Committee meetings to all members of the Board. A summary of significant matters and resolutions will be reported to the Board by the Audit Committee.
- 7.4 The books containing the minutes of proceedings of any meeting of the Audit Committee shall be kept by the Company at the registered office of the Company, and shall be open to the inspection of any member of the Audit Committee and the Board.

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2003, the Audit Committee carried out its duties as set out in the Terms of Reference.

Amongst the main activities performed during the financial year were as follows:

- (1) Reviewed the scope and coverage of the activities of the business units of the Group and the Internal Audit's risk rating of the proposed audit areas.
- (2) Reviewed the unaudited quarterly Financial Statements and the Audited Financial Statements of the Company and the Group and recommended the same for approval by the Board, upon being satisfied that the financial reporting and disclosure requirements from the audit of the Financial Statements by the external auditors were deliberated.
- (3) Reviewed the processes and investigations undertaken by the Internal Audit, the audit findings and risk analysis on each audit assignment and emphasised on follow-up audits to ensure that appropriate corrective actions are taken and recommendations of the Internal Audit are implemented.
- (4) Reviewed and appraised the adequacy and effectiveness of management's response in resolving the audit issues reported.
- (5) Reviewed related party transactions entered into by the Company and the Group.

INTERNAL AUDIT FUNCTION

The Internal Audit Department is responsible for providing independent assessment for adequate, efficient and effective internal control systems in anticipating potential risk exposures over key business processes within the Group. The scope of Internal Audit covers the audits of all units and operations, including subsidiaries. A risk-based approach is adopted in respect of such audits.

Throughout the financial year, audit investigations and follow-up were carried out on units of operations and subsidiary companies. The resulting reports of the audits undertaken were presented to the Audit Committee and forwarded to the parties concerned for their attention and necessary action.

Statement of Internal Control



INTRODUCTION

As required by the Malaysian Code on Corporate Governance, the Board is to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. The Board is pleased to include a statement on the state of the Group's internal controls in accordance with the paragraph 15.27(b) of Bursa Malaysia Listing Requirements and as guided by Bursa Malaysia's Statement on Internal Control: Guidance for Directors of Public Listed Companies.

BOARD'S RESPONSIBILITY

The Board has overall responsibility for the Group's system of internal controls, which is designed to identify and manage the risks facing the business in pursuit of its business objectives.

The Board together with the support of the Internal Audit team continuously monitors the adequacy and effectiveness of the Group's internal control policies and compliance with laws, regulations, directives and guidelines.

The system of internal controls can only provide reasonable and not absolute assurance against material misstatement or loss. It is possible that internal control system can be circumvented or overridden. Furthermore, because of changing circumstances and conditions, the effectiveness of an internal control system may vary over time.

RISK MANAGEMENT FRAMEWORK

The Board has initiated the Group's risk management framework which encompasses the following key elements:

- Identifying potential risks;
- Ranking the risks by priority of "possibility" and "impact";
- Identifying the controls and measures appropriate and effective for each risk;
- Assigning management of the risks to individuals in the organization; and
- Status reporting by the aforesaid individuals.

KEY ELEMENTS OF THE SYSTEM OF INTERNAL CONTROL

Internal controls are embedded in the Group's operation as follows:

- There is in place a clearly defined organizational structure within the Group with formally defined lines of responsibility and delegation of authority.
- Control of key financial risks through clearly laid down authorization levels and proper segregation of accounting duties.
- Regular and comprehensive information provided to management for monitoring of performance against strategic plan, covering all key financial and operational indicators.
- The Audit Committee regularly reviews the internal audit reports and monitors the status of the implementation of corrective actions to address internal control weakness.
- Regular reporting is made to the Board at its meeting of legal, accounting and environment developments.
- There are established policies on health and safety, employee training and development.



INTERNAL AUDIT

The Group has an Internal Audit Department which independently carries out its functions and provides the Audit Committee and the Board with the reasonable assurance on the adequacy and integrity of the system of internal controls. The Internal Audit Department reports to the Audit Committee on a quarterly basis. Findings arising from the internal audit works are presented together with level of concern, Management response, recommendations and responsible personnel to the Audit Committee for its review.

During the financial year, follow up has been conducted to ensure recommended actions are duly implemented and to obtain feedbacks from auditees.

CONCLUSION

The Group performs regular reviews of its business processes to assess the effectiveness and integrity of its internal control system. To assist the Board in fulfilling its role, the Audit Committee in its advisory capacity is established with specific terms of reference which include the overseeing and monitoring of the Group's financial system and the review of the effectiveness of the Group's system of internal control periodically. The review covers the financial, operational and compliance controls as well as risk management.

The system of internal control was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

Directors' Responsibility Statement

for preparing the financial statements



The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows and changes in equity of the Group and of the Company for that period.

The Directors consider that, in preparing the financial statements for the financial year ended 31 December 2003 on pages 34 to 71, the Group has used appropriate accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent. The Directors also consider that all applicable approved accounting standards have been followed and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

The Auditors' responsibilities are stated in their Report to the members of the Company.

Directors' Report

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies and associate companies are disclosed in Notes 12 and 13 to the Financial Statements.

There are no significant changes in the activities of the Company, its subsidiary companies and associate companies during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) after taxation	10,999	(8,594)
Minority interest	(3,296)	—
Profit/(Loss) after taxation and minority interest	7,703	(8,594)
Retained profits brought forward		
— As previously stated	109,537	89,301
— Prior year adjustments (Note 35)	(14,107)	(14,298)
— Restated	95,430	75,003
Profit available for appropriation	103,133	66,409
Dividend:		
Proposed first and final dividend of 4% per share less 28% income tax	(1,346)	(1,346)
Retained profits carried forward	101,787	65,063

DIVIDENDS

The amount of dividends paid and declared since the end of the last financial year were as follows:

	RM'000
In respect of the financial year ended 31 December 2002 and paid on 31 July 2003:	
First and final dividend of 4% per share less 28% income tax	1,346

On 22 April 2004, the Directors recommend the first and final dividend of 4% per share less 28% income tax amounting to RM1,346,400 which is subject to the approval of members at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the Notes to the Financial Statements.



ISSUE OF SHARES AND DEBENTURES

During the financial year, the following shares were issued:

Date of issue	Class of shares	Number of shares of RM1.00 per share	Purpose of issue	Term of issue
21.3.2003	Ordinary	4,250,000	To meet the requirement of Foreign Investment Committee i.e. increase the Bumiputra Shareholdings	Cash

There were no debentures issued during the financial year.

INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that no bad debts to be written off and adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.



OTHER STATUTORY INFORMATION

The Directors state that:

At the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

- (a) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE SHEET DATE

Significant events subsequent to balance sheet date are disclosed in Note 32 to the Financial Statements.

DIRECTORS OF THE COMPANY

The Directors in office since the date of last report are:

- Tay Yew Keng (Independent Non-Executive Chairman)
- Dato' Subahan Bin Kamal (Independent Non-Executive Director)
- Mohd Harris Bin Pardi (Independent Non-Executive Director)
- Tan Chuan Koon @ Thuan Khoon (Independent Non-Executive Director)
- Fong Heng Leong (Executive Director)
- Yusof Annuar Bin Yaacob (Executive Director)
- Abd Aziz Bin Attan (Independent Non-Executive Director; retired on 11.6.2003)

Mr Tan Chuan Koon @ Thuan Khoon, Encik Yusof Annuar Bin Yaacob and Encik Mohd Harris Bin Pardi will retire by rotation in accordance with Article 97, Dato' Subahan Bin Kamal will retire in accordance with Article 101 of the Company's Articles of Association whereas Mr Tay Yew Keng will retire in accordance with Section 129(6) of the Companies Act, 1965 at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election. In compliance with Section 129(6) of the Companies Act, 1965, a separate resolution will be proposed for the re-appointment of Mr Tay Yew Keng who is over the age of 70 years.

According to the Register of Directors' Shareholdings, the beneficial interests of those who were Directors at the end of the financial year in the shares of the Company and its related corporations are as follows:

	Ordinary shares of RM1.00 each			
	At 1.1.2003	Bought	Sold	At 31.12.2003
The Company				
Direct interest				
Tay Yew Keng	38,000	—	—	38,000

No other Directors who are in office at the end of the financial year held any direct interest in the shares of the Company and its related corporations.



DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than as disclosed in Note 25 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

AUDIT COMMITTEE

The Audit Committee comprises the following members:

- Mohd Harris Bin Pardi (Chairman/Independent Non-Executive Director)
- Dato' Subahan Bin Kamal (Member/Independent Non-Executive Director)
- Yusof Annuar Bin Yaacob (Member/Executive Director)
- Tay Yew Keng (appointed on 11.6.2003 and resigned on 17.9.2003)

The functions of the Audit Committee are to review accounting policies, internal controls, financial results and annual financial statements of the Group and of the Company on behalf of the Board of Directors.

In performing its functions, the Committee reviewed the overall scope of external audit. It met with the Group's auditors to discuss the results of their examinations and their evaluation of the system of internal accounting controls of the Group and of the Company. The Audit Committee also reviewed the assistance given by the Group's and the Company's officers to the auditors.

The Committee reviewed the financial statements of the Company and of the Group as well as the auditors' report thereon and recommended to the Board of Directors, the reappointment of Messrs Shamsir Jasani Grant Thornton as statutory auditors.

AUDITORS

Messrs Shamsir Jasani Grant Thornton have expressed their willingness to continue in office.

On behalf of the Board

YUSOF ANNUAR BIN YAACOB

Director

FONG HENG LEONG

Director

Petaling Jaya, Selangor Darul Ehsan
22 April 2004



Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 34 to 71 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2003, results of the operations and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board

YUSOF ANNUAR BIN YAACOB

Director

FONG HENG LEONG

Director

Petaling Jaya, Selangor Darul Ehsan

22 April 2004

Statutory Declaration

I, Yusof Annuar Bin Yaacob, being the Director primarily responsible for the financial management of OCB Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 34 to 71 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed at Kuala Lumpur)
in the Federal Territory)
this day of 22 April 2004)

YUSOF ANNUAR BIN YAACOB

Before me:

T. THANDONEE RAJAGOPAL

No. W228

Commissioner for Oaths

Report of the Auditors

to the members of OCB Berhad



We have audited the financial statements of the Group and of the Company set out on pages 34 to 71. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we consider necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements which have been prepared under the historical cost convention, as modified by the revaluation of certain assets, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
 - (ii) the state of affairs of the Group and of the Company as at 31 December 2003, results of the operations and cash flows of the Group and of the Company for the financial year ended on that date;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiary companies of which we have not acted as auditors, as indicated in Note 12 to the Financial Statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Subsection (3) of Section 174 of the Act.

SHAMSIR JASANI GRANT THORNTON

No.: AF-737

Chartered Accountants

DATO' N.K. JASANI

Chartered Accountant

No.: 708/03/06(J/PH)

Partner

Kuala Lumpur

22 April 2004

Balance Sheets

as at 31 December 2003

		Group		Company	
		2003	Restated 2002	2003	Restated 2002
	Note	RM'000	RM'000	RM'000	RM'000
SHARE CAPITAL	5	46,750	42,500	46,750	42,500
RESERVES	6	102,594	95,982	65,318	75,003
Total shareholders' equity		149,344	138,482	112,068	117,503
MINORITY INTEREST		57,663	58,288	—	—
NON-CURRENT LIABILITIES					
Bank borrowings	7	48,273	49,424	40,000	40,000
Bonds	8	105,000	105,000	105,000	105,000
Finance creditors	9	1,142	970	195	191
Deferred tax liabilities	10	6,568	6,680	—	—
		367,990	358,844	257,263	262,694



		Group		Company	
			Restated		Restated
		2003	2002	2003	2002
	Note	RM'000	RM'000	RM'000	RM'000
REPRESENTED BY:					
NON-CURRENT ASSETS					
Property, plant and equipment	11	124,366	125,035	701	852
Investment in subsidiary companies	12	—	—	195,024	195,024
Interest in associate companies	13	—	—	—	—
Goodwill on consolidation	14	60,339	60,339	—	—
Other investments	15	4,124	4,196	4,000	4,000
Deferred expenditure	16	—	—	—	—
Total non-current assets		188,829	189,570	199,725	199,876
CURRENT ASSETS					
Inventories	17	47,170	39,746	—	—
Contract amount due from customers	18	4,714	5,410	—	—
Trade receivables	19	81,019	78,428	—	—
Other receivables	20	63,936	55,442	3,911	7,261
Amount due from subsidiary companies	12	—	—	38,329	17,245
Short term investments	21	3,268	1,054	—	—
Tax recoverable		2,804	1,334	1,613	26
Short term deposits with licensed banks	22	60,846	97,306	17,765	49,308
Cash and bank balances		14,830	11,283	72	180
Total current assets		278,587	290,003	61,690	74,020
LESS: CURRENT LIABILITIES					
Contract amount due to customers	18	7,374	10,461	—	—
Trade payables		33,407	35,421	—	—
Other payables	23	18,229	23,241	3,296	3,318
Amount due to subsidiary companies	12	—	—	856	7,884
Bank borrowings	7	37,087	48,615	—	—
Tax payable		3,329	2,991	—	—
Total current liabilities		99,426	120,729	4,152	11,202
NET CURRENT ASSETS		179,161	169,274	57,538	62,818
		367,990	358,844	257,263	262,694

The accompanying notes form an integral part of the financial statements.

Income Statements

for the financial year ended 31 December 2003

	Note	Group		Company	
		2003 RM'000	Restated 2002 RM'000	2003 RM'000	Restated 2002 RM'000
Revenue					
– existing	24	366,827	309,108	7,425	548
– new		—	89,201	—	—
Cost of sales					
– existing	24	(279,612)	(246,875)	—	—
– new		—	(67,637)	—	—
Gross profit		87,215	83,797	7,425	548
Other operating income		5,426	2,757	—	—
Selling and distribution expenses		(25,145)	(23,783)	—	—
Administrative expenses		(21,638)	(24,312)	(1,532)	(2,840)
Other operating expenses		(14,491)	(9,262)	(6,051)	(4)
Profit/(Loss) from operations		31,367	29,197	(158)	(2,296)
Finance costs		(12,055)	(20,812)	(8,436)	(18,186)
Profit/(Loss) before taxation	25	19,312	8,385	(8,594)	(20,482)
Taxation	26	(8,313)	(7,269)	—	—
Profit/(Loss) after taxation		10,999	1,116	(8,594)	(20,482)
Pre-acquisition profit		—	(2,411)	—	—
Minority interest		(3,296)	(3,767)	—	—
Net profit/(loss) for the financial year		7,703	(5,062)	(8,594)	(20,482)
Dividend per share (4% less 28% income tax)		2.9 sen	2.9 sen	2.9 sen	2.9 sen
Earnings/(Loss) per share	27	16.81 sen	(11.91 sen)		

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2003



Group	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profit RM'000	Total RM'000
Balance at 31 December 2001						
— As previously stated	42,500	—	526	26	101,716	144,768
— Prior year adjustments (Note 35)	—	—	—	—	158	158
— As restated at 1 January 2002	42,500	—	526	26	101,874	144,926
Net profit/(loss) for the financial year						
— As previously stated	—	—	—	—	9,045	9,045
— Prior year adjustments (Note 35)	—	—	—	—	(14,265)	(14,265)
— As restated	—	—	—	—	(5,220)	(5,220)
Proposed first and final dividend of 4% per share less 28% income tax	—	—	—	—	(1,224)	(1,224)
Balance at 31 December 2002	42,500	—	526	26	95,430	138,482
Net profit for the financial year	—	—	—	—	7,703	7,703
Issue of new shares	4,250	255	—	—	—	4,505
Proposed first and final dividend of 4% per share less 28% income tax	—	—	—	—	(1,346)	(1,346)
Balance at 31 December 2003	46,750	255	526	26	101,787	149,344

Company	Share capital RM'000	Share premium RM'000	Unappropriated profit RM'000	Total RM'000
Balance at 1 January 2002	42,500	—	96,709	139,209
Net loss for the financial year				
— As previously stated	—	—	(6,184)	(6,184)
— Prior year adjustment (Note 35)	—	—	(14,298)	(14,298)
— As restated	—	—	(20,482)	(20,482)
Proposed first and final dividend of 4% per share less 28% income tax	—	—	(1,224)	(1,224)
Balance at 31 December 2002	42,500	—	75,003	117,503
Net loss for the financial year	—	—	(8,594)	(8,594)
Issue of new shares	4,250	255	—	4,505
Proposed first and final dividend of 4% per share less 28% income tax	—	—	(1,346)	(1,346)
Balance at 31 December 2003	46,750	255	65,063	112,068

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements

for the financial year ended 31 December 2003

	Note	Group		Company	
			Restated		Restated
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before taxation		19,312	8,385	(8,594)	(20,482)
Adjustments for:					
Depreciation		7,728	5,961	159	147
Dividend income		—	—	(5,798)	—
Property, plant and equipment written off		138	171	—	—
(Gain)/Loss on disposal of property, plant and equipment		(28)	(248)	—	4
Interest expenses		10,476	18,922	8,422	16,794
Interest income		(2,136)	(838)	(1,537)	(458)
Allowance for diminution in value of investment					
— current year		8	141	—	—
— no longer required		(33)	—	—	—
Allowance for diminution in value of associate companies					
— current year		—	348	—	—
— no longer required		(255)	—	—	—
Allowance for doubtful debts					
— current year		6,419	135	6,051	—
— no longer required		(1,558)	(1,550)	—	—
Allowance for obsolete inventory		191	215	—	—
Inventory write down		526	674	—	—
Inventory written off		129	396	—	—
Reversal in prior inventory write down		(309)	(683)	—	—
Unrealised gain on foreign exchange		(20)	(61)	—	—
Bonds issuance expenditure written off		—	1,388	—	1,388
Goodwill written off		—	546	—	—
Provision for liabilities		103	1,274	—	—
Pre-acquisition profit		—	(2,411)	—	—
Operating profit/(loss) before working capital changes		40,691	32,765	(1,297)	(2,607)
Changes in working capital:					
Inventories		(7,961)	(8,318)	—	—
Receivables		(16,548)	(38,373)	(4,288)	7,150
Payables		(9,901)	12,146	268	159
Short term borrowings		(1,729)	12,016	—	—
Cash generated from/(used in) operations		4,552	10,236	(5,317)	4,702
Interest paid		(10,691)	(2,168)	(8,637)	(40)
Interest received		1,847	838	1,537	458
Tax paid		(7,970)	(9,284)	—	—
Net cash (used in)/from operating activities		(12,262)	(378)	(12,417)	5,120



	Note	Group		Company	
			Restated		Restated
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend received		—	—	5,798	—
Acquisition of subsidiary companies, net of cash acquired	A	—	(57,244)	—	(61,315)
Advances to subsidiary companies		—	—	(28,112)	(19,783)
Proceeds from disposal of property, plant and equipment		447	1,924	—	229
Purchase of property, plant and equipment	B	(6,680)	(12,822)	(8)	(429)
Proceeds from disposal of investment		316	—	—	—
Purchase of short term investments		(2,355)	(127)	—	—
Payment of dividend to minority interest		(3,921)	—	—	—
Purchase of other investments		(78)	(4,004)	—	(4,000)
Receipts from liquidation of associate companies		255	1,204	—	—
Net cash used in investing activities		(12,016)	(71,069)	(22,322)	(85,298)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of shares		4,505	—	4,505	—
Repayment of bank borrowings		(1,151)	(7,662)	—	(500)
Repayment of finance creditors		(844)	(1,250)	(71)	(191)
Dividend paid		(1,346)	(1,224)	(1,346)	(1,224)
Drawndown of term loans		—	44,567	—	40,000
Issue of bonds		—	90,996	—	90,996
Expenses incurred for issue of bonds		—	(1,388)	—	(1,388)
Net cash from financing activities		1,164	124,039	3,088	127,693
CASH AND CASH EQUIVALENTS					
Net (decrease)/increase		(23,114)	52,592	(31,651)	47,515
Brought forward		85,338	32,746	49,488	1,973
Carried forward	C	62,224	85,338	17,837	49,488



NOTES TO THE CASH FLOW STATEMENTS

A. Acquisition of subsidiary companies

The fair value of assets acquired and liabilities assumed of the subsidiary companies acquired in the previous financial year are as follows:

	Group 2002 RM'000	Company 2002 RM'000
Unquoted investment	150	150
Property, plant and equipment	22,202	21,979
Inventories	5,569	5,567
Receivables	24,822	24,736
Short term investments	5	—
Goodwill on acquisition	36,782	36,236
Payables	(17,611)	(17,485)
Finance creditors	(302)	(302)
Bank borrowing	(9,061)	(9,061)
Deferred taxation	(1,176)	(1,176)
Minority interest	(3,161)	(2,821)
Tax payable	(975)	(975)
Cash and cash equivalents	4,971	4,467
Company's cash flow on acquisition	62,215	61,315
Cash and cash equivalents acquired	(4,971)	
Group's cash flow on acquisition, net of cash acquired	57,244	

B. Purchase of property, plant and equipment

The Group and the Company acquired property, plant and equipment with an aggregate cost of RM7,616,000 (2002: RM14,297,000) and RM8,000 (2002: RM1,475,000) and Nil (2002: RM528,000) were acquired by means of hire purchase. Cash payment of RM6,680,000 (2002: RM12,822,000) and RM8,000 (2002: RM429,000) were made to purchase the property, plant and equipment.

C. Cash and cash equivalents

Cash and cash equivalents included in the Cash Flow Statements comprise the following balance sheet amounts:

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Bank overdraft (Note 7)	(13,452)	(23,251)	—	—
Cash and bank balances	14,830	11,283	72	180
Short term deposits with licensed banks (RM100,000 is pledged with a licensed bank)	60,846	97,306	17,765	49,308
	62,224	85,338	17,837	49,488

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

31 December 2003



1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company are prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

2. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within policies that are approved by the Board of Directors and the Group's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal operating activities, both external and intra-Group where the currency denomination differs from the local currency, Ringgit Malaysia (RM). The Group's policy is to minimise foreign currency exposure to transaction risk by matching local currency income against local currency costs.

Foreign currency forward contracts are used to protect the Group from movements in exchange rates by establishing the rate of which a foreign currency asset and liability will be settled. Any increase or decrease in the amount required to settle the asset or liability is offset by a corresponding movement in the value of the forward exchange contract. The gains and losses are therefore offset for financial reporting purposes and are not recognised in the financial statements. While the fees incurred on each agreement are amortised over the contract period.

(b) Interest rate risk

The Group's policy is to borrow principally on the fixed rate basis but to retain a proportion of floating rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

(c) Credit risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. An internal credit review is conducted if the credit risk is material.

(d) Market risk

For key product purchases, the Group establishes fixed and floating price levels that the Group considers acceptable and enters physical supply agreements, where necessary, to achieve these levels. The Group does not face significant exposure from the risk of changes in price levels.

(e) Liquidity and cash flow risks

The Group seeks to achieve a balance between certainty of funding for the markets or the Group and a flexible, cost-effective borrowing structure. This is to ensure that at the minimum, all projected net borrowing needs are covered by committed facilities. Also, the objective for debt maturity is to ensure that the amount of debt maturing in any one year is not beyond the Group's means to repay and refinance.



3. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting convention

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the other accounting policies.

(b) Basis of consolidation

The consolidated financial statements incorporate the audited financial statements of the Company and its subsidiary companies made up to the end of the financial year. The subsidiary companies are consolidated on an acquisition method.

Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed are included in the consolidated income statement from the date of acquisition to the date of disposal. At the date of acquisition, the fair value of the subsidiary companies' net assets are determined and reflected in the Group's financial statements.

The difference between the cost of investment and the net worth of the subsidiary companies at that date of acquisition is included in the consolidated balance sheet as goodwill or capital reserve arising on consolidation. It is retained in the consolidated balance sheet and will be written off only when the Directors are of the opinion that there is a permanent diminution in value.

Inter-company transactions are eliminated on consolidation and consolidated financial statements reflect external transactions only.

(c) Subsidiary companies

A subsidiary company is a company in which the Group or the Company has a long term equity interest of more than 50 percent and where it exercises control by management participation through Board of Directors' representation.

Investment in subsidiary companies is stated at cost unless, in the opinion of the Directors, there has been a permanent diminution in value, in which case, provision is made for the diminution in value.

(d) Associate companies

An associate company is a company in which the Group has a long term equity interest of between 20 to 50 percent and is in the position to exercise significant influence over its financial and operating policies through management participation.

The Group's share of results of associate companies is included in the consolidated income statement in place of dividend received and the Group's share of post acquisition retained profits/accumulated losses is added to/deducted from the cost of investment as interest in associate companies in the consolidated balance sheet.

Investment in associate companies is stated at cost unless, in the opinion of the Directors, there has been a permanent diminution in value, in which case, provision is made for the diminution in value.

(e) Investments

Short term investments

Short term investments consist of investment in quoted shares and properties acquired for resale purposes.

Investment in quoted shares is stated at the lower of cost and market value. Cost is derived at the weighted average basis and determined on an aggregate portfolio basis by category of investment. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date.

Increase/decrease in the carrying amount of quoted shares are credited/charged to the income statement.

Properties acquired for resale purposes are stated at lower of cost and net realisable value.

Other investments

Other investments are stated at cost unless, in the opinion of the Directors, there has been a permanent diminution in value, in which case, provision is made for the diminution in value.



3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Foreign currency translation

Transaction in foreign currencies are recorded in Ringgit Malaysia at the rates of exchange ruling at the date of the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at balance sheet date.

Gains and losses from conversion of short term assets and liabilities, whether realised or unrealised, are included in operating profit or loss as they arise.

The assets and liabilities of the foreign entities, including goodwill and fair value adjustments arising on the acquisitions, is translated to Ringgit Malaysia at the closing rates. The operating results are translated to Ringgit Malaysia at the exchange rates at the dates of the transactions. Gains and losses arising on translation are taken directly to the foreign exchange translation reserve.

All other foreign exchange differences are taken to the income statement in the year they arise.

The closing rates used in translation were as follows:

	2003	2002
	RM	RM
Pound sterling	6.79	6.33
100 Japanese yen	3.55	3.35
Singapore dollar	2.24	2.27
US dollar	3.80	3.81

(g) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation. Freehold land and capital work in progress are not depreciated. Depreciation on property, plant and equipment is calculated to write off the cost or valuation of the property, plant and equipment on a straight line basis over the estimated useful lives of the assets concerned.

The principal annual rates used are as follows:

Long leasehold land and buildings	50 to 99 years
Freehold buildings	2%
Computer equipment	20%
Furniture, fittings, office equipments and renovations	2% to 20%
Motor vehicles	10% to 20%
Tools, plant and machinery	6.7% to 25%

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, it is permanently less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment i.e. the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value after adequate specific provision has been made by Directors for deteriorated, obsolete and slow-moving inventories. Cost of work-in-progress and finished goods includes direct materials, labour and an appropriate proportion of manufacturing overheads.

Cost of inventories for bedding products, fabricating, spare parts and equipment is determined using the first-in, first-out method.

Cost of consumer trading's inventories, engineering's inventories and raw materials is determined using the weighted average cost method.

Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.



3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Deferred tax liabilities and assets

Deferred tax liabilities and assets are provided for under the liability method at the current tax rate in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

In prior financial years, deferred tax was provided for at the applicable current tax rates and all material differences except when there is reasonable evidence that such timing differences will not reverse in the foreseeable future. In addition, deferred tax benefits were recognised only when there was reasonable assurance of their realisation. The change in accounting policy has been accounted for retrospectively and the effects are dealt with as a prior year adjustment as stated in Note 35 to the Financial Statements.

(j) Assets acquired under hire purchase and lease agreements

The cost of assets acquired under hire purchase and finance lease arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised. The depreciation policy on these assets is similar to that of the Group's property, plant and equipment depreciation policy. Outstanding obligation due under the hire purchase and finance lease agreements after deducting finance expenses are included as liabilities in the financial statements. Finance charges on hire purchase agreements are allocated to income statement over the year of the respective agreements.

(k) Operating leases

Lease rental payments applicable to operating leases are charged to the income statement as incurred.

(l) Contract amount due to/from customers

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as expenses.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of the contract as revenue and expenses respectively.

The Group uses the percentage of completion method to determine the appropriate amount of revenue costs to recognise in a given period; the stage of completion is measured by reference to total costs of work performed to date to estimate total contract costs for each contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit (less recognised losses) recognised on each contract is compared against the progress billings up to the financial year end. Where the sum of the costs incurred and recognised profit (less recognised losses) exceeds the progress billings, the balance is shown as 'Amount due from customers on contracts' under receivables. Conversely, where progress billings exceed the sum of the costs incurred and recognised profit (less recognised losses), the balance is shown as 'Amounts due to customers on contracts' under payables.



3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Deferred expenditure

Bonds issuance expenses and bonds discount

Bonds issuance expenses consist of expenses incurred in connection with the issue of bonds.

During the financial year, the Group has modified its accounting policy on deferred expenditure as a result of the adoption of MASB 27 – Borrowing costs (Note 35).

All bonds issuance expenses and bonds discount are expensed off to the income statement in the year it incurs.

(n) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the year in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the year end.

(o) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services rendered.

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group expects a provision to be paid, the obligation to pay is recognised as a separate liability but only when the obligation to pay is virtually certain.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, short-term demand deposits and highly liquid investments which are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

(r) Revenue recognition

(i) Construction contracts

Income and cost on contract jobs are recognised in the income statement on the percentage of completion method based on the proportionate value of work done on the projects which cost incurred to date has been certified by engineers bear to total expected cost for that contract.

(ii) Trading and manufacturing

Sales of goods and services are recognised as income, net of discount and goods return in the income statement upon delivery of goods and when services are rendered.

(iii) Investment

Gross dividend and interest earned from investments and bank deposits are recognised as income to the income statement when the right to receive payment has been established.

(iv) Incentives

Incentives earned from the cellular phone operators are recognised upon the registration of handphones with the respective cellular phone operators.



3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Employee benefits

(i) *Short term benefits*

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year, in which the associated services are rendered by employee of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) *Defined contribution plan*

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they related.

(t) Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, receivables, payables, investments and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are offset when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(u) Impairment of assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of net realisable value and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(v) Segmental results

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segments assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of provision and accumulated depreciation and amortisation. While most such assets can be directly attributed to the segments on a reasonable basis. Segment assets and liabilities do not include deferred income taxes.



3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Intersegment transfer

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the Group at an arm's length transactions. These transfers are eliminated on consolidation.

4. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activity of the Company is investment holding.

The Company is a public limited liability Company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 2B-5, Level 5, Jalan SS6/6, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the subsidiary companies and associate companies are mentioned in Notes 12 and 13 to the Financial Statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 April 2004.

5. SHARE CAPITAL

	Group and Company	
	2003	2002
	RM'000	RM'000
Authorised		
Ordinary shares of RM1 each	100,000	100,000
Issued and fully paid		
Ordinary shares of RM1 each		
At beginning of financial year	42,500	42,500
Issued during the financial year	4,250	—
At end of financial year	46,750	42,500



6. RESERVES

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Non-distributable				
Revaluation Reserve	526	526	—	—
Exchange Fluctuation reserve	26	26	—	—
Share premium	255	—	255	—
	807	552	255	—
Distributable				
Unappropriated profit	101,787	95,430	65,063	75,003
	102,594	95,982	65,318	75,003

The revaluation reserve represents surplus arising from the revaluation of long leasehold land and buildings.

7. BANK BORROWINGS

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Current				
<i>Secured</i>				
Term loan	1,239	1,133	—	—
Bills payable	11,294	9,515	—	—
Banker acceptance	11,102	11,716	—	—
Revolving credit	—	3,000	—	—
Bank overdrafts	13,452	23,251	—	—
	37,087	48,615	—	—
Non-current				
<i>Secured</i>				
Term loan	8,273	9,424	—	—
<i>Unsecured</i>				
Term loan	40,000	40,000	40,000	40,000
	48,273	49,424	40,000	40,000
	85,360	98,039	40,000	40,000



7. BANK BORROWINGS (CONT'D)

Group

Bank borrowings of the subsidiary companies are secured by:

- (a) First and second legal charges over the properties of the subsidiary companies.
- (b) Fixed and floating charges over the assets of the subsidiary companies.
- (c) Joint and several guarantee by directors of the subsidiary companies.
- (d) Letter of Subordination of Shareholders' and Directors' Advances to Bank's loans.
- (e) Corporate guarantee from the holding company.

Certain bank borrowings of a subsidiary company are secured by its short-term deposits amounting to RM100,000.

The term loan of the Group and of the Company bears interest at rate of 6.5% (2002: 6.5%) per annum and repayable in one lump sum on the last day of the tenor of the facility.

Interest of other bank borrowings is charged at rates ranging from 1.5% to 2.25% (2002: 1.5% to 2.25%) per annum above the banks' base lending rates and repayment term is by monthly instalments.

8. BONDS

	Group	
	2003	2002
	RM'000	RM'000
Bonds	105,000	105,000

On 20 June 2002, the Company entered into a Trust Deed with a Financial Institution to issue RM105 million nominal amount comprising four tranches with maturities ranging from 3 years to 6 years from the date of issue of the Bonds.

Pursuant to the Trust Deed, a fixed and floating charge were created over all existing and future assets of the Company except for the 51% equity held by the Company in Kumpulan O'Connor's (Malaysia) Sdn Bhd which shall not form part of the assets charged. All the Company's present and future rights, title, interests and benefits under the sinking fund account, the debt service reserve account and the credit balance opened and maintained by the Company including all investments made in connection thereto also formed part of the security.



9. FINANCE CREDITORS

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Minimum lease payments				
– not later than 1 year	1,188	1,216	89	152
– later than 1 year but not later than 5 years	1,325	1,257	241	266
	2,513	2,473	330	418
Less: Interest-in-suspense	(338)	(390)	(64)	(81)
	2,175	2,083	266	337
Present value of finance creditors				
– not later than 1 year (Note 23)	1,033	1,113	71	146
– later than 1 year but not later than 5 years	1,142	970	195	191
	2,175	2,083	266	337

The amount payable within 1 year has been included in other payables.



10. DEFERRED TAXATION

	Group	
	2003	Restated 2002
	RM'000	RM'000
At beginning of year		
— as previously stated	6,680	2,639
— prior year adjustment (Note 35)	—	1,759
— as restated	6,680	4,398
Through acquisition of subsidiary companies	—	1,176
Transfer (to)/from income statement (Note 26)	(112)	1,106
At end of year	6,568	6,680
The tax effects of the excess of property, plant and equipment's net book value over its tax written down value	5,869	5,417
Revaluation of land and buildings	1,275	1,759
General allowance for doubtful debt	(208)	(80)
Other allowances	(368)	(416)
	6,568	6,680

The tax effects of timing differences which would give rise to net future tax benefit are generally recognised only where there is a reasonable expectation of realisation.

As at 31 December 2003, the estimated amount of deferred taxation benefits calculated at current tax rate, that have not been recognised in the Financial Statements are as follows:

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Tax effects of unabsorbed capital allowances	104	255	93	82
Tax effects of unutilised losses	2,398	1,250	421	213
Tax effects of timing differences in respect of the tax capital allowances	(111)	(83)	(19)	(81)
Deferred tax assets	2,391	1,422	495	214

The potential of future tax benefits of the Group and of the Company are not provided for in the Financial Statements as it is anticipated that the tax effects of such benefits will not be reversed in the foreseeable future.



11. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings RM'000	Equipment, tools, plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and others RM'000	Capital work-in-progress RM'000	Total 2003 RM'000	Total 2002 RM'000
Cost or valuation							
At beginning of year							
– cost	86,266	43,082	5,874	19,199	1,117	155,538	119,497
– valuation	5,260	–	–	–	–	5,260	5,260
	91,526	43,082	5,874	19,199	1,117	160,798	124,757
Addition through acquisition of subsidiary companies	–	–	–	–	–	–	25,290
Additions	173	1,708	1,318	876	3,541	7,616	14,297
Transfer	4,653	–	–	–	(4,653)	–	–
Disposals	(203)	(6)	(809)	(102)	–	(1,120)	(2,671)
Written off	–	(192)	–	(412)	–	(604)	(875)
At end of year	96,149	44,592	6,383	19,561	5	166,690	160,798
Accumulated depreciation							
At beginning of year	7,500	13,455	2,531	12,277	–	35,763	28,413
Addition through acquisition of subsidiary companies	–	–	–	–	–	–	3,088
Charge for the year	1,491	3,203	936	2,098	–	7,728	5,961
Disposals	–	(2)	(641)	(58)	–	(701)	(995)
Written off	–	(113)	–	(353)	–	(466)	(704)
At end of year	8,991	16,543	2,826	13,964	–	42,324	35,763
Net book value							
2003	87,158	28,049	3,557	5,597	5	124,366	–
2002	84,026	29,627	3,343	6,922	1,117	–	125,035
Depreciation charge for the year ended 31 December 2002	1,347	1,958	445	2,211	–	–	5,961
Cost or valuation at end of year							
– cost	90,889	44,592	6,383	19,561	5	161,430	155,538
– valuation: 1993	5,260	–	–	–	–	5,260	5,260
	96,149	44,592	6,383	19,561	5	166,690	160,798



11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Analysis of land and buildings as at 31 December:

Group	Freehold land and buildings RM'000	Long leasehold land and building RM'000	Total 2003 RM'000	Total 2002 RM'000
Cost or valuation				
At beginning of year				
— cost	39,951	46,315	86,266	75,442
— valuation	—	5,260	5,260	5,260
	39,951	51,575	91,526	80,702
Addition through acquisition of subsidiary companies	—	—	—	6,417
Additions	—	173	173	4,667
Transfer from capital work in progress	—	4,653	4,653	(260)
Disposals	—	(203)	(203)	—
At end of year	39,951	56,198	96,149	91,526
Accumulated depreciation				
At beginning of year	1,743	5,757	7,500	6,106
Addition through acquisition of subsidiary companies	—	—	—	99
Charge for the year	379	1,112	1,491	1,347
Disposals	—	—	—	(52)
At end of year	2,122	6,869	8,991	7,500
Net book value				
2003	37,829	49,329	87,158	—
2002	38,208	45,818	—	84,026
Depreciation charge for the year ended 31 December 2002	379	968	—	1,347
Cost or valuation at end of year				
— cost	39,951	50,938	90,889	86,266
— valuation	—	5,260	5,260	5,260
	39,951	56,198	96,149	91,526



11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Motor vehicles RM'000	Furniture, fittings and others RM'000	Total 2003 RM'000	Total 2002 RM'000
Cost				
At beginning of year	528	501	1,029	317
Additions	—	8	8	957
Disposals	—	—	—	(245)
At end of year	528	509	1,037	1,029
Accumulated depreciation				
At beginning of year	85	92	177	42
Charge for the year	106	53	159	147
Disposals	—	—	—	(12)
At end of year	191	145	336	177
Net book value				
2003	337	364	701	—
2002	443	409	—	852
Depreciation charge for the year ended 31 December 2002	97	50	—	147

- (a) During the financial year ended 30 September 1993, the Directors revalued a subsidiary company's long leasehold land and building based on independent professional valuation on the open market value basis.

The long leasehold land and building of a subsidiary company was revalued in 1993 and has not been revalued ever since. The subsidiary company does not adopt a policy of regular revaluation as required by MASB 15, Property, Plant and Equipment and is applying the transitional provision for assets revalued before the coming into force of the accounting year.

In the opinion of the Directors, unreasonable expenses would be incurred in obtaining the original costs of the assets valued in that year.

- (b) Included in long term leasehold land and buildings are titles of Lots 9 to 12, Block 31 Phase 2A, Bandar Penampang, Kota Kinabalu which have not been transferred to the Group as at financial year ended 31 December 2003.
- (c) Certain land and buildings of the Group with net book value of RM40,063,254 (2002: RM40,559,605) are charged to licensed banks for banking facilities granted to certain subsidiary companies.
- (d) The net book value of property, plant and equipment which are under hire purchase is as follows:

	2003 RM'000	2002 RM'000
The Group	3,500	6,396
The Company	337	443

- (e) The net book value of motor vehicles which are held in trust by third parties amounted to RM287,192 (2002: Nil).



12. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2003	2002
	RM'000	RM'000
Unquoted shares, at cost	195,024	195,024

The amount due from subsidiary companies has no fixed term of repayment and bears no interest except for certain amount due from subsidiary companies which bear interest ranging from 7.0% to 9.0% per annum.

Amount due to subsidiary companies is unsecured, bears no interest and has no fixed term of repayment.

Details of the subsidiary companies, all of which are incorporated in Malaysia, are as follows:

Name of company	Effective equity interest		Principal activities
	2003	2002	
	%	%	
Kaiserkorp Sdn Bhd *	100	100	Investment holding company
Agrow Malaysia Sdn Bhd *	100	100	Investment holding company
Kumpulan O'Connor's (Malaysia) Sdn Bhd *	51	51	Investment holding and provision of management services
Ibfood Corporation Sdn Bhd *	100	100	Investment holding company
Subsidiary companies of Kaiserkorp Sdn Bhd			
TN Metal Industries (M) Sdn Bhd *	100	100	Manufacturing of spring units and property holding
Jiwa Adil Sdn Bhd *	100	100	Property holding
Kaiserkoil Incorporated (M) Sdn Bhd *	100	100	Property holding
Bedco Sistem (M) Sdn Bhd *	100	100	Manufacturing of spring mattresses, headboards and divans
Dreambed (Malaysia) Sdn Bhd *	100	100	Manufacturers of polyurethane foam
Kingcoil Corporation (M) Sdn Bhd *	100	100	Trading and marketing of spring mattresses and sleep related products
Acrowyn (M) Sdn Bhd *	100	100	Franchisee
Subsidiary companies of Agrow Malaysia Sdn Bhd			
Pure-Ecology (M) Sdn Bhd *	100	100	Investment in properties
Keenwai Enterprises (M) Sdn Bhd *	100	100	Investment in properties
Agrow Corporation Sdn Bhd *	100	100	Trading in building materials, buying, selling fabricating spare parts and equipment in industries
AG Textronic Sdn Bhd *	100	100	Trading in electronic products



12. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Name of company	Effective equity interest		Principal activities
	2003	2002	
	%	%	
Subsidiary companies of Kumpulan O'Connor's (Malaysia) Sdn Bhd			
O'Connor's Engineering Sdn Bhd *	51	51	Supply, delivery, testing and commissioning of telecommunication, high tension and low voltage electrical installation work, stage rigging system, audio-visual, studio projection and lighting equipment, office automation, data communication, card access and security systems, building automation and building services
O'Connor's Trading Sdn Bhd *	51	51	Trading in mobile telephones, office automation, photographic audio visual and other consumer products
Gentron Trading Sdn Bhd *#	51	51	Provision of services in claiming of incentives from the cellular phone operators
Alpha Merit Sdn Bhd *	51	51	Rental of property
O'Connor's Enterprise Sdn Bhd *##	51	51	Investment in properties
Cinecom Raya Sdn Bhd *	51	51	Dormant
CT Cauldron Sdn Bhd *###	—	26	Under liquidation
CTC Systems Integration Sdn Bhd ####	—	26	Under liquidation
Subsidiary companies of Ibufood Corporation Sdn Bhd			
Ibufood Manufacturing (M) Sdn Bhd *	100	100	Manufacturing of instant noodles and other food products
Spices & Seasonings Specialities Sdn Bhd *	100	100	Manufacturing of spices, food seasonings, sauces and other edible products
Ecoway (Malaysia) Sdn Bhd *	100	100	Importer, exporter and commission agent of food stuffs
Biz-Allianz International (M) Sdn Bhd *	77.78	77.78	Trading and distribution of consumer products
Selera Citarasa Sdn Bhd *	50	50	Trading in instant noodles
Biz-Markas Sdn Bhd *	100	100	Investment in properties

* Subsidiary companies not audited by Shamsir Jasani Grant Thornton

Invested 100% equity interest through O'Connor's Trading Sdn Bhd

Invested 100% equity interest through O'Connor's Engineering Sdn Bhd

Invested 51% equity interest through O'Connor's Engineering Sdn Bhd

Invested 100% equity interest through CT Cauldron Sdn Bhd



13. INTEREST IN ASSOCIATE COMPANIES

	Group	
	2003	2002
	RM'000	RM'000
Unquoted shares, at cost		
— outside Malaysia	—	1,949
— in Malaysia	—	40
Total	—	1,989
Share of post acquisition losses in associate companies	—	(411)
Translation losses on share of net assets in an associate company	—	(26)
	—	1,552
Receipts of liquidation distribution	—	(1,204)
Provision for diminution in value of investment	—	(348)
	—	—
Represented by:		
Share of net assets of the associate companies	—	—
Unquoted shares, at cost	—	1,949,500
Less: Reversal of impairment loss/(impairment loss) on investment in associate companies	255,222	(788,000)
Partial receipts of liquidation distribution	(255,222)	(1,161,500)
	—	—

The particulars of the associate companies are:

Name of company	Place of incorporation	Effective interest		Principal activities
		2003	2002	
		%	%	
Computer Measurement (S) Pte Ltd *	Singapore	12.20	12.20	Under liquidation
O'Connor's L&N JV Sdn Bhd **	Malaysia	20.40	20.40	Liquidated on 9 January 2003

* Associate companies not audited by Shamsir Jasani Grant Thornton

Invested through O'Connor's Engineering Sdn Bhd



14. GOODWILL ON CONSOLIDATION

	Group	Restated
	2003	2002
	RM'000	RM'000
As previously stated	60,339	58,389
Prior year adjustment (Note 35)	—	1,950
Restated	60,339	60,339

15. OTHER INVESTMENTS

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
At cost				
Unquoted shares in Malaysia	4	154	—	—
Quoted shares in Malaysia	138	60	—	—
Bonds	4,000	4,000	4,000	4,000
	4,142	4,214	4,000	4,000
Less: Allowance for diminution in value	(18)	(18)	—	—
	4,124	4,196	4,000	4,000
At market value				
Quoted shares in Malaysia	16	5	—	—

16. DEFERRED EXPENDITURE

During the financial year, the Company has modified its accounting policy on deferred expenditure due to the adoption of MASB 27, Borrowing costs, as disclosed in Note 35 to the Financial Statements.



17. INVENTORIES

	Group	
	2003	2002
	RM'000	RM'000
At cost		
Raw materials	14,767	4,161
Work in progress	366	315
Finished goods	8,766	9,205
Trading inventories	20,035	25,201
Goods in transit	409	269
	44,343	39,151
At net realisable value		
Trading inventories	2,827	595
	47,170	39,746

18. CONTRACT AMOUNT DUE FROM/TO CUSTOMERS

	Group	
	2003	2002
	RM'000	RM'000
Costs incurred to date	23,294	23,366
Attributable profit	5,586	6,009
	28,880	29,375
Less: Progress billings	(31,540)	(34,426)
	(2,660)	(5,051)
Contract amount due from customers	4,714	5,410
Contract amount due to customers	(7,374)	(10,461)
	(2,660)	(5,051)

19. TRADE RECEIVABLES

	Group	
	2003	2002
	RM'000	RM'000
Trade receivables	84,389	87,211
Retention on contracts	—	380
Less: Allowance for doubtful debts	(3,370)	(9,163)
	81,019	78,428



20. OTHER RECEIVABLES

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Sundry receivables	59,989	54,277	9,959	7,258
Deposits and prepayments	8,408	1,165	3	3
Interest receivable	289	—	—	—
Downpayment made to suppliers	1,301	—	—	—
Less: Allowance for doubtful debts	(6,051)	—	(6,051)	—
	63,936	55,442	3,911	7,261

21. SHORT TERM INVESTMENTS

	Group	
	2003	2002
	RM'000	RM'000
At cost		
Unquoted shares in Malaysia	9	—
Quoted shares in Malaysia	104	95
Quoted irredeemable convertible unsecured loan stock (ICULS)	110	110
	223	205
Less: Allowance for diminution in value	(170)	(177)
	53	28
Properties acquired for resale	3,315	1,144
Less: Allowance for diminution in value	(100)	(118)
	3,215	1,026
	3,268	1,054
At market value		
Quoted shares in Malaysia	25	15
Quoted irredeemable convertible unsecured loan stock (ICULS)	19	13
	44	28

The Directors are of the opinion that the fair value of the properties acquired for resale held at the Balance Sheet date are not significantly different from the carrying amount shown in the Financial Statements.



22. SHORT TERM DEPOSITS WITH LICENSED BANKS

Group

Included in the above is an amount of RM100,000 (2002: RM100,000) which is pledged for certain term loans granted to a subsidiary company.

Group and Company

Deposits with licensed banks amounted to RM11,765,025 (2002: RM17,307,628) that are governed by the terms and conditions of the bonds agreements.

23. OTHER PAYABLES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Sundry payables	3,141	210	210	210
Accruals of expenses	9,088	213	481	213
Finance creditors (Note 9)	1,033	1,113	71	146
Bonds interest payable	2,534	2,749	2,534	2,749
Advances received on contracts	629	57	—	—
Provisions	1,335	1,740	—	—
Deposits	469	—	—	—
Others	—	17,159	—	—
	18,229	23,241	3,296	3,318

Analysis of provisions:

	Warranty					
	Incentives RM'000	Trading RM'000	Contract RM'000	Sub-total RM'000	Training RM'000	Total RM'000
As at 1 January 2003	19	202	1,495	1,697	24	1,740
Charged to income statement	9	(16)	484	468	158	635
Utilised during the financial year	(28)	(165)	(240)	(405)	(75)	(508)
Provision written back	—	—	(523)	(523)	(9)	(532)
As at 31 December 2003	—	21	1,216	1,237	98	1,335
As at 1 January 2002	630	640	1,317	1,957	20	2,607
Charged to income statement	181	1,362	334	1,696	26	1,903
Utilised during the financial year	(429)	(1,534)	(156)	(1,690)	(22)	(2,141)
Provision written back	(363)	(266)	—	(266)	—	(629)
As at 31 December 2002	19	202	1,495	1,697	24	1,740



23. OTHER PAYABLES (CONT'D)

(i) Incentive

The Group offers incentives to dealers in the form of trips and also to mobile phone system operators in the form of joint promotion subsidy to improve sales of its products. Provision is based on sales quantity generated during the promotional period and up to the balance sheet date.

(ii) Warranty

Trading

The Group provides a one year warranty period on certain products sold and distributed by the Group and undertakes to repair or replace items that fail to perform satisfactorily. A provision has been recognised at the financial year end for expected warranty claims based on past experience of repairs and returns.

Contract

The Group provides warranties on products delivered to projects for period of one to three years. This covers cost of repairs, cost of replacement equipment, staff costs, travelling and spare parts maintenance cost. A provision has been recognised at the financial year end for expected claims based on past project management experiences.

(iii) Training

The Group provides training to customers as required under the terms and conditions of sales. A provision has been recognised at the financial year end for cost of training and operational and maintenance manual.

24. REVENUE AND COST OF SALES

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Revenue				
Construction contract	66,193	55,491	—	—
Sale of goods	297,565	339,578	—	—
Incentive income	33	386	—	—
Sale of properties	138	444	—	—
Interest income	1,860	1,422	1,537	458
Rental income	908	988	—	—
Dividend income from unquoted shares in Malaysia	130	—	5,798	—
Management fee	—	—	90	90
	366,827	398,309	7,425	548
Cost of sales				
Construction contract	43,517	33,662	—	—
Sale of goods	235,925	280,338	—	—
Cost of properties sold	170	512	—	—
	279,612	314,512	—	—



25. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is determined after deducting/(crediting) amongst other items the following:

	Group		Company	
	2003	Restated 2002	2003	Restated 2002
	RM'000	RM'000	RM'000	RM'000
Audit fee				
— statutory	235	241	10	10
— underprovision in previous year	—	43	—	—
Bonds issuance expenditure written off	—	1,388	—	1,388
Bad debts written off	—	29	—	—
Depreciation	7,728	5,961	159	147
Directors' remuneration				
— fee	68	92	68	92
— other emoluments	386	559	386	559
Goodwill written off	—	546	—	—
Interest expenses	10,476	18,922	8,422	16,794
Lease rental	15	23	—	—
Allowances for doubtful debts				
— current	6,419	135	6,051	—
— no longer required	(1,558)	(1,550)	—	—
Allowance for diminution in value of investment in associate company				
— current	—	348	—	—
— no longer required	(33)	—	—	—
Allowance for diminution in value of investment	8	141	—	—
Allowance for obsolete inventories	191	215	—	—
Inventories written off	129	396	—	—
Inventories write down	526	674	—	—
Provision for incentives	10	181	—	—
Provision for warranty	467	1,696	—	—
Provision for training	158	26	—	—
Property, plant and equipment written off	138	171	—	—
Rental of premises	780	740	72	72
Gain on disposal of property, plant and equipment	(28)	(248)	—	4
Dividend income	—	—	(5,798)	—
Interest income	(2,136)	(838)	(1,537)	(458)
Gain on foreign exchange				
— realised	(529)	(603)	—	—
Provision for incentives written back	—	(363)	—	—
Provision for warranty written back	(523)	(266)	—	—
Provision for training written back	(9)	—	—	—
Rental income	(738)	(991)	—	—
Reversal of impairment loss on investment	(255)	—	—	—
Reversal of inventories write down in prior year	(309)	(683)	—	—
Gain on foreign exchange				
— realised	(524)	(560)	—	—
— unrealised	(20)	(61)	—	—



25. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

In last financial year, the estimated monetary value of benefits provided to the Directors of the Company by way of usage of the subsidiary companies and the Company's assets and other benefits amounted to RM13,325.

26. TAXATION

	Group 2003 RM'000	Restated 2002 RM'000
Current year taxation	8,231	6,645
Under/(Over)provision in prior year	194	(291)
Deferred taxation (Note 10)	(112)	1,106
	8,313	7,460

- (a) The provision for current year's taxation is determined by applying the Malaysian statutory tax rates on the chargeable income.
- (b) The Group's unabsorbed business losses and unutilised capital allowances which can be carried forward to offset against future taxable profit amounted to approximately RM8,565,000 (2002: RM4,864,000) and RM371,000 (2002: RM1,235,000) respectively.
- (c) The Company's unabsorbed loss and capital allowances which can be carried forward to offset against future taxable profit amounted to approximately RM1,657,000 and RM332,000 (2002: RM761,000 and RM292,000) respectively.
- (d) The Company has tax exempt account of RM4.3 million on which tax exempt dividend can be declared.
- (e) The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividend out of its entire unappropriated profit as at 31 December 2003.
- (f) The reconciliation of income tax expenses applicable to profit/(loss) before taxation at the statutory tax rate to income tax expenses at the effective tax rate of the Group are as follows:

	Group 2003 RM'000
Profit before taxation	19,314
	%
Taxation at Malaysian statutory tax rate	28
Tax effects in respect of:	
Expenses not deductible for tax purposes	27
Income not subject to tax	(4)
Reinvestment allowances utilised	(9)
Under/(Over) provision in prior years	1
Change in tax rate for the 1st tranche of chargeable income	(2)
Losses of subsidiary companies not allowable for Group relief	2
Effective tax	43

- (g) The above amounts are subject to the approval of the Inland Revenue Board of Malaysia.



27. EARNINGS/(LOSS) PER SHARE

The earnings/(loss) per share have been calculated based on profit after taxation, minority interest and pre-acquisition profit of RM7,703,002 (2002: (RM5,061,483)) and the number of weighted average shares in issue during the financial year of 45,818,493 (2002: 42,500,000).

28. EMPLOYEES INFORMATION

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Staff costs	31,725	30,785	696	780

The number of employees of the Group and of the Company at the end of the financial year was 807 (2002: 897) persons and 3 (2002: 5) persons respectively.

29. CONTINGENT LIABILITIES

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Unsecured:				
Corporate guarantee provided to secure credit facilities of				
– subsidiary companies	—	—	88,418	88,418
– third parties	13,287	18,000	13,287	18,000
	13,287	18,000	101,705	106,418

30. CAPITAL COMMITMENTS

Capital expenditure in respect of the following is not provided for in the Financial Statements:

	Group	
	2003	2002
	RM'000	RM'000
Authorised and contracted for:	666	46



31. RELATED PARTY DISCLOSURE

Significant related party transactions during the financial year were as follows:

	Company	
	2003	2002
	RM'000	RM'000
Management fee from subsidiary companies		
– Ibufood Corporation Sdn Bhd	30	30
– Agrow Malaysia Sdn Bhd	30	30
– Kaisercorp Sdn Bhd	30	30
Interest income received from subsidiary companies		
– Spices & Seasonings Specialities Sdn Bhd	94	44
– Agrow Corporation Sdn Bhd	105	98
– Kaisercoil Incorporated (M) Sdn Bhd	7	—
– Agrow Malaysia Sdn Bhd	156	—
– Kaisercorp Sdn Bhd	405	—
– Bedco Sistem (M) Sdn Bhd	46	—
Dividend income from subsidiary company		
– Kumpulan O'Connor's (Malaysia) Sdn Bhd	5,798	—
Rental paid to subsidiary company		
– Pure-Ecology (M) Sdn Bhd	72	72

The Directors of the Company are of the opinion that the terms of transactions have been entered on a negotiated basis.

32. SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE SHEET DATE

- (a) On 26 January 2004, the Securities Commission had approved the proposed rights issue of 37,400,000 new ordinary shares of RM1.00 each in the Company on the basis of four Rights Shares for every five existing ordinary shares of RM1.00 each and proposed bonus issue of 18,700,000 Bonus Shares credited as fully paid-up on the basis of one Bonus Share for every two Rights Shares subscribed.

On 16 March 2004, the Company has obtained members' approval on the proposed rights issue and bonus issue and it is at the implementation stage at the date of this report.

- (b) On 25 February 2004, the Company had entered into a conditional Share Sale Agreement with O'Connor's Holdings Pte Ltd for the proposed disposal of 51% equity interest in Kumpulan O'Connor's (Malaysia) Sdn Bhd comprising 21,675,000 ordinary shares of RM1.00 each for a total sale consideration of RM80,000,000 in cash.



33. SEGMENTAL REPORTING — GROUP

Business Segments

	Electronic trading RM'000	Engineer- ing services RM'000	Building material RM'000	Bedding products RM'000	Consumer food RM'000	Invest- ments RM'000	Conso- lidated RM'000
2003							
Revenue							
External revenue	96,533	84,870	32,278	53,391	96,960	2,795	366,827
Result							
Profit/(Loss) from operations	(2,192)	11,897	4,065	6,632	14,855	(3,890)	31,367
Finance costs							(12,055)
Profit before taxation							19,312
Taxation							(8,313)
Profit after taxation							10,999
Minority interest							(3,296)
Net profit for the year							7,703
Other information							
Segment assets	22,305	44,394	53,634	87,852	95,579	163,652	467,416
Total consolidated assets							467,416
Segment liabilities	(8,882)	(19,942)	(30,498)	(20,170)	(21,520)	(149,500)	(250,512)
Tax payable	4	(1,240)	(606)	(106)	(1,253)	(128)	(3,329)
Deferred taxation	—	190	(127)	(3,985)	(2,167)	(479)	(6,568)
Total consolidated liabilities							(260,409)
Capital expenditure on property, plant and equipment	82	493	169	1,067	5,368	437	7,616
Depreciation	649	1,038	299	2,041	2,587	1,114	7,728
Property, plant and equipment written off	83	23	—	—	20	12	138

The Directors regard the Group's operations as being located in one geographical area, i.e. Malaysia.



33. SEGMENTAL REPORTING — GROUP (CONT'D)

Business Segments

	Electronic trading RM'000	Engineer- ing services RM'000	Building material RM'000	Bedding products RM'000	Consumer food RM'000	Invest- ments RM'000	Conso- lidated RM'000
2002							
Revenue							
External revenue	146,338	73,169	29,800	56,947	89,201	2,854	398,309
Result							
Profit/(Loss) from operations	(706)	11,262	2,751	7,061	11,556	(2,727)	29,197
Finance costs							(20,812)
Profit before taxation							8,385
Taxation							(7,269)
Profit after taxation							1,116
Pre-acquisition profit							(2,411)
Minority interest							(3,767)
Net loss for the year							(5,062)
Other information							
Segment assets	16,126	54,469	49,600	80,408	85,692	193,278	479,573
Total consolidated assets							479,573
Segment liabilities	(2,915)	(27,103)	(30,453)	(29,183)	(33,952)	(149,526)	(273,132)
Tax payable	(14)	(1,291)	(563)	(72)	(1,048)	(3)	(2,991)
Deferred taxation	—	119	(136)	(4,268)	(1,960)	(435)	(6,680)
Total consolidated liabilities							(282,803)
Capital expenditure on property, plant and equipment	52	985	1,274	2,188	8,477	1,321	14,297
Depreciation	763	1,045	279	1,868	1,835	171	5,961
Property, plant and equipment written off	64	3	—	—	—	104	171

The Directors regard the Group's operations as being located in one geographical area, i.e. Malaysia.



34. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The interest rate risk that financial instruments' values will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, are as follows:

	Less than 1 year RM'000	More than 1 year but less than 5 years RM'000	More than 5 years RM'000	Total RM'000	Effective interest rate during the year %
2003					
Group					
<i>Financial assets</i>					
Deposits with licensed financial institutions	60,846	—	—	60,846	2.50—3.39
Investment in bonds	—	—	4,000	4,000	3.30
<i>Financial liabilities</i>					
Bonds	—	25,000	80,000	105,000	5.00—6.00
Bank borrowings	37,087	48,273	—	85,360	6.50—8.65
Finance creditors	1,033	1,142	—	2,175	6.50—6.70
Company					
<i>Financial assets</i>					
Deposits with licensed financial institutions	17,765	—	—	17,765	2.50—3.39
<i>Financial liabilities</i>					
Bonds	—	25,000	80,000	105,000	2.50—3.39
Term loan	—	40,000	—	40,000	6.50
Finance creditors	71	195	—	266	6.50—6.70
2002					
Group					
<i>Financial assets</i>					
Deposits with licensed financial institutions	97,306	—	—	97,306	2.50—3.39
Investment in bonds	—	—	4,000	4,000	17.00
<i>Financial liabilities</i>					
Bonds	—	25,000	80,000	105,000	5.00—6.00
Bank borrowings	48,615	43,586	5,838	98,039	6.50—8.75
Finance creditors	1,113	970	—	2,083	6.50—6.70
Company					
<i>Financial assets</i>					
Deposits with licensed financial institutions	49,308	—	—	49,308	2.60
<i>Financial liabilities</i>					
Bonds	—	25,000	80,000	105,000	5.00—6.00
Term loan	—	40,000	—	40,000	6.50
Finance creditors	146	191	—	337	6.50—6.70



34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit risk

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the balance sheet.

The Group and the Company have no significant concentration of credit risk with any single counterparty.

(c) Fair values

The carrying amounts of financial assets and liabilities of the Group and Company at the balance sheet date approximated their fair values except as set out below:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
2003				
Unquoted shares in subsidiary companies	—	—	195,024	*
Quoted investments in Malaysia	164	60	—	—
Other unquoted investment in Malaysia	7,228	*	4,000	*
Unquoted shares in subsidiary companies	—	—	195,024	*
Quoted investment in Malaysia	70	33	—	—
Other unquoted investment in Malaysia	5,180	*	4,000	*

* It was not practicable within the constraints of timeliness and cost to estimate these fair values reliably.



35. PRIOR YEAR ADJUSTMENTS

During the financial year, the Group has modified its accounting policy on deferred taxation as a result of the adoption of MASB 25 – Income Taxes and MASB 27 – Borrowing Costs.

Under MASB 25, deferred tax liabilities are recognised for taxable temporary differences. Previously, deferred tax liabilities were provided for an account of timing differences only to the extent that liability was expected to materialise in the foreseeable future. In addition, the Group has commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxation profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

Under MASB 27, capitalisation of borrowing costs should cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

The change in the particular accounting policy has been accounted for retrospectively and the effects has been dealt with as a prior year adjustment and comparative figures have been restated as disclosed in Note 36 to the Financial Statements.

36. COMPARATIVE INFORMATION

Certain comparative figures have been adjusted to conform with changes in presentation resulting from the change in accounting policy explained in Note 35 to the Financial Statements.

The following comparative figures have been restated on the face of balance sheets and income statements:

	Group		Company	
	As reclassified RM'000	As previously reported RM'000	As reclassified RM'000	As previously reported RM'000
Balance sheets				
Unappropriated profit	95,430	110,089	75,003	89,301
Deferred taxation	6,680	4,921	—	—
Goodwill on consolidation	60,339	58,389	—	—
Deferred expenditure	—	14,298	—	14,298
Income statements				
Finance costs	20,812	6,514	18,186	3,888
Taxation	7,269	7,460	—	—
(Loss)/Profit for the financial year	(5,062)	9,045	—	—

Summary of Landed Properties and Buildings

LOCATION	TENURE	AREA	DESCRIPTION & EXISTING USE	APPROXIMATE AGE OF BUILDINGS (YEARS)	NET BOOK VALUE AT 31.12.03 (RM)	YEAR OF LAST REVALUATION/ ACQUISITION
Lot 1, Lorong Perak 2 42500 Teluk Panglima Garang Kuala Langat Selangor Darul Ehsan	Leasehold 99 years expiring 2086; Residual lease 84 years	5,236 sq m	1½-storey factory; Built-up 2,913 sq m	15	4,024,096.00	1998
Lot 2137, Jalan Enggang Kg Batu 9, Kebun Baru 42500 Teluk Panglima Garang Selangor Darul Ehsan	Freehold	20,233 sq m	1-storey factory; Built-up 11,148 sq m	5	17,036,216.00	1998
2B, Jalan SS6/6 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan	Freehold	372 sq m	4-storey commercial shoplot/office; Built-up 1,802 sq m	7	3,054,473.00	1994
2C, Jalan SS6/6 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan	Freehold	372 sq m	4-storey commercial shoplot/office; Built-up 1,802 sq m	7	5,510,000.00	1998
64, Jalan SS22/25 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	Freehold	153 sq m	4-storey commercial shoplot/office; Built-up 523 sq m	16	1,959,996.00	1998
1A, Jalan Helang Bukit Kepong Baru Industrial Area 52100 Kepong Kuala Lumpur	Freehold	1,478 sq m	1-storey warehouse; Built-up 870 sq m	25	2,547,996.00	1998
A-6-P, Cameron Green Jalan Kemunting Tanah Rata 39100 Cameron Highlands Pahang Darul Makmur	Leasehold 99 years expiring 2087; Residual lease 85 years	196.11 sq m	Apartment; Built-up 196.11 sq m	2	337,108.00	1999
B1-07, Tingkat 1 Lorong Damai 6 Taman Permata 14000 Bukit Mertajam Pulau Pinang	Freehold	55.74 sq m	4-storey flat; Built-up 55.74 sq m	14	30,724.00	1987
Lots 916, 917 & 918 Block 5 Seduan Land District Sungai Aup, Sibul Sarawak	Leasehold 60 years expiring 2060; Residual lease 58 years	10,004 sq m	2-storey detached factory; Built-up 5,340 sq m	1	8,479,184.00	2002



LOCATION	TENURE	AREA	DESCRIPTION & EXISTING USE	APPROXIMATE AGE OF BUILDINGS (YEARS)	NET BOOK VALUE AT 31.12.03 (RM)	YEAR OF LAST REVALUATION/ ACQUISITION
Lot 6, Jalan P/15 Kawasan Perindustrian MIEL, Seksyen 10 43650 Bandar Baru Bangi Selangor Darul Ehsan (Phase IV Bangi)	Leasehold 99 years expiring 2098; Residual lease 96 years	1,884 sq m	2-storey factory; Built-up 1,177 sq m	9	2,073,798.00	2002
No. 14, Jalan Anson and No. 201 & 203, Jalan Burmah 10050 Pulau Pinang	Freehold	3,644.10 sq m	2-storey commercial/office; Built-up 3,062.1 sq m	Pre-war	5,941,715.00	1995
Lot 13, Jalan 51A/223 46100 Petaling Jaya Selangor Darul Ehsan	Leasehold 99 years expiring 13.11.2069; Residual lease 66 years	4,046.79 sq m	6-storey warehouse/office; Built-up 6,942.88 sq m	17	14,565,784.16	1995
No. 1, Jalan 219 46100 Petaling Jaya Selangor Darul Ehsan	Leasehold 99 years expiring 02.11.2069; Residual lease 66 years	3,877.77 sq m	6-storey warehouse/office; Built-up 7,283.6 sq m	24	10,296,506.82	1992
No. 56 & 58, Jalan Dian 8 Taman Munsyi Ibrahim Jalan Skudai 81200 Johor Bahru Johor Darul Takzim	Freehold	286.14 sq m	2-storey shoplot/office; Built-up 551.84 sq m	11	509,265.72	1993
Lot 9-12, Block 31 Phase 2A Bandar Penampang Kota Kinabalu Sabah	Leasehold 99 years expiring 31.12.2078; Residual lease 75 years	464.51 sq m	2-storey commercial shoplot/office; Built-up 929 sq m	6	1,088,171.05	1994
No. 519, Jalan Pasir Puteh 31650 Ipoh Perak Darul Ridzuan	Freehold	140.92 sq m	3-storey shoplot; Built-up 408.91 sq m	26	365,458.80	1997
Lots 2-8 & 2-9 Lion Industrial Park 40000 Shah Alam Selangor Darul Ehsan	Freehold	21,848 sq m	Land to be leased out	N/A	5,108,575.46	1992

Analysis of Shareholdings

as at 18 May 2004

Class of Shares: Ordinary shares of RM1.00 each

Voting Rights : One vote per ordinary share

SIZE OF SHAREHOLDINGS

	No. of shareholders	% of shareholders	No. of shares held	% of issued shares
Less than 100	3	0.057	105	0.000*
100 to 1,000	2,187	41.729	2,164,595	4.630
1,001 to 10,000	2,717	51.841	10,544,300	22.555
10,001 to 100,000	300	5.724	7,511,500	16.067
100,001 to 2,337,499	33	0.630	14,098,500	30.157
2,337,500 and above	1	0.019	12,431,000	26.590
Total	5,241	100.00	46,750,000	99.999

* Negligible

SUBSTANTIAL SHAREHOLDERS

(ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

Name	Direct		Indirect		Total	
	No. of shares held	% of issued shares	No. of shares held	% of issued shares	No. of shares held	% of issued shares
Rangkai Kartika Sdn Bhd ("RKSb")	12,431,000	26.590	—	—	12,431,000	26.590
Zeigells (M) Sdn Bhd ("ZSB") ^(a)	—	—	12,431,000	26.590	12,431,000	26.590
Ng Kok Yin ^(b)	—	—	12,431,000	26.590	12,431,000	26.590
Ho Kit Heng ^(b)	—	—	12,431,000	26.590	12,431,000	26.590

(a) Deemed interest by virtue of its 100% shareholding in RKSb

(b) Deemed interest by virtue of his substantial shareholding in ZSB, which in turn holds 100% indirect interest in RKSb

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

(ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

Name	Direct		Indirect		Total	
	No. of shares held	% of issued shares	No. of shares held	% of issued shares	No. of shares held	% of issued shares
Tay Yew Keng	38,000	0.081	—	—	38,000	0.081
Dato' Subahan Bin Kamal	—	—	—	—	—	—
Mohd Harris Bin Pardi	—	—	—	—	—	—
Tan Chuan Koon @ Thuan Khoon	—	—	—	—	—	—
Yusof Annuar Bin Yaacob	—	—	—	—	—	—
Fong Heng Leong	—	—	—	—	—	—



THIRTY (30) LARGEST SHAREHOLDERS (ACCORDING TO THE RECORD OF DEPOSITORS)

No. Name	No. of shares held	% of issued shares
1. Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd – <i>Pledged Securities Account for Rangkai Kartika Sdn Bhd (15678 JTRK)</i>	12,431,000	26.590
2. Unifonte Sdn Bhd	1,501,000	3.211
3. Issi Focus Sdn Bhd	1,501,000	3.211
4. Kampus Klip Sdn Bhd	1,316,000	2.815
5. Cedar Link Sdn Bhd	1,152,000	2.464
6. Iska Tenaga Sdn Bhd	1,121,000	2.398
7. Taipanmatics Sdn Bhd	840,000	1.797
8. Exosoft Sdn Bhd	810,000	1.733
9. Mayban Securities Nominees (Tempatan) Sdn Bhd – <i>Pledged Securities Account for Ong Huey Peng (REM 650)</i>	598,600	1.280
10. PRB Nominees (Tempatan) Sdn Bhd – <i>Rubber Industry Smallholders Development Authority</i>	450,000	0.963
11. Chan Wan Moi	438,000	0.937
12. Lim Hung Puan	382,500	0.818
13. Extroterm Sdn Bhd	370,000	0.791
14. BBMB Securities Nominees (Tempatan) Sdn Bhd – <i>Petroleum Nasional Berhad</i>	360,000	0.770
15. Employees Provident Fund Board	317,700	0.680
16. POS Malaysia Berhad	277,000	0.593
17. Juliet Yap Swee Hwang	250,000	0.535
18. BBMB Securities Nominees (Tempatan) Sdn Bhd – <i>Petroleum Research Fund</i>	238,000	0.509
19. Permodalan Nasional Berhad	234,000	0.501
20. Yap Ah Fatt	212,000	0.453
21. Prize Focus Sdn Bhd	180,000	0.385
22. Lew Nam Fong @ Liew Yoke Fatt	160,000	0.342
23. Mayban Nominees (Tempatan) Sdn Bhd – <i>Pledged Securities Account for Kwan Keng Kwek (211AW1968)</i>	141,300	0.302
24. Foo Khen Ling	132,000	0.282
25. Alliancegroup Nominees (Tempatan) Sdn Bhd – <i>Pheim Asset Management Sdn Bhd for Employees Provident Fund</i>	126,000	0.270
26. Lem Hon San	125,000	0.267
27. Hong Leong Finance Berhad – <i>Pledged Securities Account for Yam Yuet Chew</i>	120,400	0.258
28. Abdulrahman Mohd Taher Mohd	120,000	0.257
29. Patricia Woon Lai Ching @ Lee Yah Seng	115,000	0.246
30. Hor Kee Hock @ Ho Kee Kok	104,000	0.222
Total	26,123,500	55.880



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Forty-Fifth Annual General Meeting of OCB Berhad will be held at Ballroom 1, Tropicana Golf & Country Club, Jalan Kelab Tropicana, Off Jalan Tropicana Utama, Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 25 June 2004 at 10.00 a.m. for the following purposes:

AGENDA

As Ordinary Business

- | | | | |
|----------------|---|----|--|
| ○ RESOLUTION 1 | ○ | 1. | To receive the audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2003 and the Report of the Directors and Auditors thereon. |
| ○ RESOLUTION 2 | ○ | 2. | To declare a first and final gross dividend of 4% per share less Malaysian Income Tax at 28% for the financial year ended 31 December 2003. |
| | | 3. | To re-elect the following Directors who retire pursuant to Article 97 of the Company's Articles of Association: |
| ○ RESOLUTION 3 | ○ | | ○ Mohd Harris Bin Pardi |
| ○ RESOLUTION 4 | ○ | | ○ Tan Chuan Koon @ Thuan Khoon |
| ○ RESOLUTION 5 | ○ | | ○ Yusof Annuar Bin Yaacob |
| ○ RESOLUTION 6 | ○ | 4. | To re-elect as Director, Dato' Subahan Bin Kamal who retires pursuant to Article 101 of the Company's Articles of Association. |
| | | 5. | To consider and, if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965: |
| ○ RESOLUTION 7 | ○ | | "THAT pursuant to Section 129(6) of the Companies Act, 1965, Tay Yew Keng be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." |
| ○ RESOLUTION 8 | ○ | 6. | To approve the payment of Directors' Fees amounting to RM68,250.00 in respect of the financial year ended 31 December 2003. |
| ○ RESOLUTION 9 | ○ | 7. | To re-appoint Messrs Shamsir Jasani Grant Thornton as Auditors of the Company and to authorise the Directors to fix their remuneration. |



As Special Business

8. To consider and, if thought fit, to pass the following as an Ordinary Resolution:

○ RESOLUTION 10 ○

ORDINARY RESOLUTION

Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.

“THAT subject to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the Securities Commission, Bursa Malaysia Securities Berhad and other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company at any time at such price, upon such terms and conditions for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being; AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

9. To transact any other business of which due notice shall have been given.

By Order of the Board

Tan Bee Keng
MAICSA 0856474
Company Secretary

Petaling Jaya
2 June 2004

Notes:

(A) PROXY

- (i) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint one (1) or more proxies of his own choice to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- (ii) If a member appoints more than one (1) proxy, the member must specify the proportion of his shareholding to be represented by each proxy.
- (iii) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, under its common seal or under the hand of an officer or its attorney duly authorised in that behalf.
- (iv) To be valid, the instrument appointing a proxy must be completed and deposited at the Registered Office of the Company at 2B-5, Level 5, Jalan SS6/6, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for the holding of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll).

(B) EXPLANATORY NOTES ON SPECIAL BUSINESS

Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.

The Ordinary Resolution proposed, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, to issue and allot ordinary shares from unissued share capital of the Company up to an aggregate amount not exceeding ten percent (10%) of the total issued share capital of the Company for such purposes as the Directors in their absolute discretion consider to be in the interest of the Company, without having to convene a general meeting. This authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.



Statement Accompanying Notice of Annual General Meeting

pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

1. NAMES OF DIRECTORS WHO ARE STANDING FOR RE-ELECTION OR RE-APPOINTMENT

The Directors retiring pursuant to Article 97 of the Articles of Association of the Company and seeking re-election are:

- Mohd Harris Bin Pardi
- Tan Chuan Koon @ Thuan Khoon
- Yusof Annuar Bin Yaacob

The Director retiring pursuant to Article 101 of the Articles of Association of the Company and seeking re-election is:

- Dato' Subahan Bin Kamal

The Director who is over the age of seventy (70) years and seeking re-appointment is:

- Tay Yew Keng

2. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

During the financial year ended 31 December 2003, five (5) Board meetings were held.

NAME OF DIRECTORS	NO. OF MEETINGS ATTENDED
Tay Yew Keng	5
Dato' Subahan Bin Kamal *	1
Mohd Harris Bin Pardi	5
Tan Chuan Koon @ Thuan Khoon	5
Abd. Aziz Bin Attan **	2
Yusof Annuar Bin Yaacob	5
Fong Heng Leong	5

* Appointed as Director on 17 September 2003

** Retired from office on 11 June 2003

3. PLACE, DATE AND TIME OF THE FORTY-FIFTH ANNUAL GENERAL MEETING OF OCB BERHAD

Place : Ballroom 1, Tropicana Golf & Country Club
Jalan Kelab Tropicana, Off Jalan Tropicana Utama
Persiaran Tropicana, 47410 Petaling Jaya
Selangor Darul Ehsan

Date & Time : Friday, 25 June 2004 at 10.00 a.m.



4. FURTHER DETAILS OF THE INDIVIDUALS WHO ARE STANDING FOR RE-ELECTION OR RE-APPOINTMENT AS DIRECTORS

(a) Mohd Harris Bin Pardi

Independent Non-Executive Director

Malaysian, aged 51, holds a degree in Economics from University of Malaya.

Encik Harris has more than sixteen (16) years experience in food retailing, catering and general management. He was a member of the pioneer management team at McDonald's Malaysia, his last position being the Head of Corporate and Business Development at Golden Arches Restaurants Sdn Bhd. He introduced the Burger King restaurant franchise in 1996 and was its first Managing Director. The local food-court at Suria Kuala Lumpur City Centre was also pioneered by him.

He does not hold any share in the Company nor its subsidiaries. He does not hold directorships in any other public companies and does not have any family relationship with any Director and/or major shareholder of the Company. Encik Harris does not have any conflict of interest with the Company. He has had no convictions for offences within the past ten (10) years.

(b) Tan Chuan Koon @ Thuan Khoon

Independent Non-Executive Director

Malaysian, aged 61, is a Fellow of the Chartered Institute of Bankers, United Kingdom and a Senior Associate of Institut Bank-Bank Malaysia.

Mr Tan has thirty-nine (39) years of experience in the banking industry. He began his career with HSBC Bank in 1959 and served in various senior management positions in HSBC Bank culminating in the position of General Manager, Finance until his retirement in 1997. He was a member of the board of HSBC Finance Berhad from 1995 to 1997. He also held directorship in KAF Discounts Berhad from 1998 to 2001.

He does not hold any share in the Company nor its subsidiaries. He does not hold directorships in any other public companies and does not have any family relationship with any Director and/or major shareholder of the Company. Mr Tan does not have any conflict of interest with the Company. He has had no convictions for offences within the past ten (10) years.

(c) Yusof Annuar Bin Yaacob

Executive Director

Malaysian, aged 38, is a member of the Chartered Institute of Management Accountants, United Kingdom and the Malaysian Institute of Accountants.

Encik Yusof is responsible for the Group's financial management and plays a key role in the implementation of corporate objectives. He has sixteen (16) years of experience in investment banking, financial management and accounting. Prior to joining the Company, he was Executive Director of a public listed company. He also currently serves on the board of General Soil Engineering Holdings Berhad and Celcom (Malaysia) Berhad as Non-Executive Chairman and Non-Executive Director respectively.

He does not hold any share in the Company nor its subsidiaries. He does not hold directorships in any other public companies and does not have any family relationship with any Director and/or major shareholder of the Company. Encik Yusof does not have any conflict of interest with the Company. He has had no convictions for offences within the past ten (10) years.



4. FURTHER DETAILS OF THE INDIVIDUALS WHO ARE STANDING FOR RE-ELECTION OR RE-APPOINTMENT AS DIRECTORS (CONT'D)

(d) Dato' Subahan Bin Kamal

Independent Non-Executive Director

Malaysian, aged 38, holds a Bachelor of Science (Hons.) Accounting Degree from Southern Illinois University at Carbondale, Illinois, United States of America and is a member of The Malaysian Insurance Institute, Kuala Lumpur.

Dato' Subahan started his career with Bank Rakyat (M) Berhad and was Senior Private Secretary to the Deputy Minister of Finance from 1995 to 1998. In 1999, he was appointed Senior Private Secretary to the Deputy Minister of Human Resource. He is currently an Executive Committee Member (EXCO) of UMNO Youth Malaysia.

He does not hold any share in the Company nor its subsidiaries. He does not hold directorships in any other public companies and does not have any family relationship with any Director and/or major shareholder of the Company. Dato' Subahan does not have any conflict of interest with the Company. He has had no convictions for offences within the past ten (10) years.

(e) Tay Yew Keng

Independent Non-Executive Chairman

Malaysian, aged 72, has extensive years of experience in the construction, manufacturing, consumer products and trading industries. He has been the Patron and Chairman of Pusat Haemodialisis St John Ambulance Malaysia Bacang, Melaka since 1993. In recognition of his contribution towards public service, Mr Tay received the Brotherhood of St John Ambulance, United Kingdom and was conferred the Rotary International's Paul Harris Award in 1997.

He holds 38,000 shares in the Company but does not hold any share in its subsidiaries. He does not hold directorships in any other public companies and does not have any family relationship with any Director and/or major shareholder of the Company. Mr Tay does not have any conflict of interest with the Company. He has had no convictions for offences within the past ten (10) years.

Proxy Form

OCB BERHAD

(Incorporated in Malaysia Company No. 3465-H)

I/We _____
(FULL NAME IN BLOCK CAPITALS)

of _____
(ADDRESS)

being a member/members of OCB Berhad hereby appoint _____
(FULL NAME IN BLOCK CAPITALS)

of _____
(ADDRESS)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Forty-Fifth Annual General Meeting of the Company to be held on Friday, 25 June 2004 at Ballroom 1, Tropicana Golf & Country Club, Jalan Kelab Tropicana, Off Jalan Tropicana Utama, Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan at 10.00 a.m. and at any adjournment thereof.

My/Our Proxy is to vote as indicated below:

RESOLUTIONS	FOR *	AGAINST *
1. To receive the audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2003 and the Report of the Directors and Auditors thereon.		
2. To declare a first and final gross dividend of 4% per share less Malaysian Income Tax at 28% for the financial year ended 31 December 2003.		
3. To re-elect as Director, Mohd Harris Bin Pardi who retires pursuant to Article 97 of the Company's Articles of Association.		
4. To re-elect as Director, Tan Chuan Koon @ Thuan Khoon who retires pursuant to Article 97 of the Company's Articles of Association.		
5. To re-elect as Director, Yusof Annuar Bin Yaacob who retires pursuant to Article 97 of the Company's Articles of Association.		
6. To re-elect as Director, Dato' Subahan Bin Kamal who retires pursuant to Article 101 of the Company's Articles of Association.		
7. To re-appoint Tay Yew Keng as Director pursuant to Section 129(6) of the Companies Act, 1965.		
8. To approve the payment of Directors' Fees amounting to RM68,250.00 in respect of the financial year ended 31 December 2003.		
9. To re-appoint Messrs Shamsir Jasani Grant Thornton as Auditors of the Company and to authorise the Directors to fix their remuneration.		
10. Authority to Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		

(*Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the Resolutions. In the absence of specific direction as to voting, your proxy/proxies will vote or abstain from voting at his/their discretion.)

Dated this _____ day of _____ 2004.

NUMBER OF SHARES HELD

Signature/Seal of Shareholders: _____

Notes:

- A member of the Company entitled to attend and vote at this Meeting is entitled to appoint one (1) or more proxies of his own choice to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- If a member appoints more than one (1) proxy, the member must specify the proportion of his shareholding to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, under its common seal or under the hand of an officer or its attorney duly authorised in that behalf.
- To be valid, the instrument appointing a proxy must be completed and deposited at the Registered Office of the Company at 2B-5, Level 5, Jalan SS6/6, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for the holding of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll).
- Any alteration in this form must be initialed.



AFFIX
STAMP
HERE

The Secretary

OCB BERHAD (3465-H)

2B-5, Level 5

Jalan SS6/6, Kelana Jaya

47301 Petaling Jaya

Selangor Darul Ehsan